



Daily Report

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Daily Report China

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General

IAEA Meeting on Nuclear Detection of Toxins *OW200217 Beijing XINHUA in English 1605 GMT 19 Apr 88*

[Text] Beijing, April 19 (XINHUA)—The International Atomic Energy Agency met today in Beijing to discuss coordinating research on nuclear techniques used to detect toxic elements in foodstuffs.

Sun Laiyan, from China's Academy of Agricultural Sciences, told the experts from 13 countries and agency officials, since China joined the project in 1986, Chinese scientists have used nuclear techniques to analyze toxic elements in more than 20 common foodstuffs in Beijing and Wuhan, the capital of central China's Hubei Province, and have calculated the toxic element intake level of local residents of all ages and professions.

Their research has showed the toxic element intake of people in these cities is below standards set by the Chinese Government, he added.

With agency assistance, Chinese scientists have been able to introduce new neutron analysis techniques from Australia, the Netherlands and Japan, which have helped improve accuracy in analyzing toxic elements present in cereals, oils, vegetables, meat, eggs and milk.

The project, which focuses on using nuclear techniques to locate toxic elements in foodstuffs, started in 1985 under agency supervision.

To date, scientists from 13 countries are participating in the projects, which are aimed at determining toxic elements in food and drink, and monitoring acceptable human toxic element intake levels in line with standards set by various countries.

United States & Canada

Daily Discusses Obstacles in Relations With U.S. *HK210455 Beijing RENMIN RIBAO Chinese 19 Apr 88 p 6*

[Article by RENMIN RIBAO reporter Zhang Liang (17280081): "Relations Have Made Much Headway, With Obstacles Yet To Be Removed—a Discussion of Chinese and American Experts On U.S. Congressional Affairs"]

[Text] To usher in the 10th anniversary of the establishment of Sino-American diplomatic relations on 1 January next year, the Chinese People's Institute of Foreign Affairs and the U.S.-Chinese Relations National Committee recently held in Beijing a discussion meeting on U.S. congressional affairs. In a warm and friendly atmosphere, five experts in U.S. congressional affairs and more than 20 relevant figures and experts of China laid emphasis on frankly exchanging views on the effect of

Congress on the U.S. policy toward relations with China, and deepened their mutual understanding. They unanimously expressed a desire to make common efforts toward stimulating the healthy and steady development of Sino-American relations.

Sixteen years ago, China and the United States released the "Shanghai Communiqué" that focused world attention. It has also been about 10 years since the establishment of Sino-American diplomatic relations afterward. What are the current state of Sino-American relations and the relevant outlook like? Chai Zemin, vice president of the Chinese People's Institute of Foreign Affairs and the first PRC ambassador to the United States, summed things up and looked into the future: In these years, Sino-American relations have witnessed extensive headway. Cooperation between both sides in the economic, commercial, scientific, technical, educational, cultural, and other fields has been continuously strengthened. More and more people have come to realize that the development of Sino-American relations is not only compatible with the fundamental interests of the people of the two countries, but conducive to peace and stability in Asia and the world. But some obstacles remain to be removed in Sino-American relations. China is at present accelerating and deepening the process of reform and openness. This has provided a good opportunity for the further development of Sino-American relations. Chai Zemin believed that there are broad prospects for the development of Sino-American relations.

Experts on both sides said that the development of Sino-American relations is inseparable from the positive efforts of U.S. Congressional figures. They have done a lot of meaningful work, for that matter. After the visit to China of a number of U.S. Congressmen led by U.S. Senate leaders of both parties Mike Mansfield and Hugh (Scott) [Si-ke-te 2448 0344 3676] in 1972, the Chinese People's Institute of Foreign Affairs alone successively received several tens of Senators and more than 200 members of the House, and also over a dozen groups of aides to congressmen visiting China. Their visits helped promote mutual understanding and friendship. Many congressmen also put forward positive proposals on developing relations between the two countries and acted with initiative. For example, Senator Hecht last year in the Senate called for the organization of a core group on trade with China designed to promote Sino-American bilateral trade. Just as Mr Friedman, an expert on the U.S. side attending the current discussion meeting, said, most of the people in Congress hope to establish overall friendly relations with China.

But the people of the Chinese side attending the meeting expressed bewilderment and dissatisfaction with the "Taiwan Relations Act" approved by Congress, the so-called "Tibet" resolution concocted successively on many occasions by an extremely small number of Congressmen, denunciation of China's population policy for no reason, and other acts of crude intervention in China's internal affairs. People on the Chinese side

pointed out that these acts and speeches by a small number of congressmen ran counter to the principles of the Sino-American Shanghai Communique, the communique on establishment of diplomatic relations, and the 8.17 [17 August] Communique. They keenly hoped that they would in the future do nothing detrimental to Sino-American relations.

Sino-American economic relations and trade represented one of the main points of discussion at this meeting. A person of the PRC Ministry of Foreign Economic Relations and Trade said that in recent years, there has been rapid development of Sino-American economic relations and trade. The value of bilateral trade had reached \$7.8 billion in 1987 from zero before 1972. The participants in the meeting believe that this is the result of common efforts by the governments of the two countries and people in all walks of life and is also a concrete manifestation of continuous development of Sino-American political relations. But there is still great potential for developing Sino-American cooperation in commercial, scientific, technical, educational, and other fields. There is the need for both sides to actively tap the potential on the basis of equality and mutual benefits. People of the Chinese side hope that the United States will reduce restrictions on exports of U.S. products to China and that the pledge announced by U.S. Secretary Shultz not long ago to relax policy on the transfer of technology to China will be translated into action as early as possible. Of course, there is also the need for China to make continuous efforts in such respects as the diversification of export products, improving the quality of products, and so forth.

Five Americans participating in the current meeting are all experts at home in U.S. congressional affairs. They emphasized describing the powers of Congress, legislative procedures, the influence of outside groups and the news media, and other relevant problems. They also answered various problems raised by the Chinese side. Roberts, a former NEW YORK TIMES Congress reporter, said: "Congress is more complicated than at any other time before. The power to examine and approve something is shared by many different organs and individuals. This causes disappointing delays and time-consuming discussions with no decision reached." As to the role that Congress plays in U.S. foreign policy decisions, Mr (A-er-dun Fu-lai) [7093 1422 7319 1381 5490] summed it up as: Restraining, or relaxing the President's executive power, and "issuing signals" to the President and foreign countries. Many countries base themselves on these signals quickly starting working with Congress through various channels to keep Congress from making decisions unfavorable to them. Touching on current congressional intentions about the problem of trade, Santos pointed out that Congress, generally speaking, is in favor of free trade. But given a weaker U.S. economy and a huge trade deficit, there may be changes in future congressional trade legislation.

At the two-day meeting, Chinese and American experts shared the same views on many problems. But different

views on certain problems were also aired. A source of satisfaction to both sides is that in the spirit of "seeking common ground and shelving differences," Chinese and American experts have reached this expected goal of promoting mutual understanding. This undoubtedly helps in promoting understanding between China and the United States. Vice President Chai Zemin and President of U.S.-Chinese Relations National Committee Lampton both expressed the hope that Chinese and American experts will constantly keep in touch to stimulate the development of Sino-American relations.

U.S. House Symbolically Supports INF Treaty
OW210516 Beijing XINHUA in English 0826 GMT
20 Apr 88

[Text] Washington, April 19 (XINHUA)—The U.S. House of Representatives gave a symbolic approval of the U.S.-Soviet treaty on eliminating Intermediate-Range Nuclear Forces (INF) today.

The resolution, passed by 393 to 7 in the House, has no practical effect, but shows the House's overwhelming endorsement of the INF treaty shortly before the Senate opens debate on the missile treaty.

The Senate, which has exclusive rights to ratify treaties the administration signs with foreign countries, is scheduled to hold sessions on the treaty in May.

The INF treaty was signed by U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev last December in Washington. It calls for the elimination of all U.S. and Soviet missiles with ranges from 500-to-5,000 kilometers.

It is generally believed that the Senate will ratify the treaty in time for Reagan to exchange the ratification instruments with Gorbachev when they meet in Moscow in late May and early June.

Recently, the Senate Armed Services Committee raised concerns about what it described as "futuristic weapons"—weaponry using exotic technologies such as lasers, plasma or ion beams. Such weapons are not specifically addressed in the treaty.

U.S. Secretary of State George Shultz raised the issue with Soviet Foreign Minister Eduard Shevardnadze in Geneva last week during the signing ceremony for a Soviet withdrawal of Soviet troops from Afghanistan.

In a letter to Shultz last Friday, Shevardnadze accepted the U.S. position that the INF treaty outlaws "futuristic weapons."

According to local reports, the Soviet acceptance of the U.S. position appears to show Moscow's desire to dispel U.S. Congressional suspicions about its intentions to cooperate with the United States in cutting back nuclear arsenals.

Reagan Says Gulf Situation 'Quieting Down'
*OW200024 Beijing XINHUA in English 2344 GMT
19 Apr 88*

[Text] Washington, April 19 (XINHUA)—U.S. President Ronald Reagan said today that the Gulf was "quieting down" after a round of sea and air battles between the U.S. and Iranian forces a day earlier.

During a photo-taking session at the White House of a meeting with Republican members of Congress this morning, Reagan told reporters the Gulf "seems to be quieting down and we hope it continues that way."

Pentagon spokesman Dan Howard said, "No report has reached us from our forces in the Gulf of any hostile acts (from Iran) today."

The U.S. forces in the Gulf yesterday destroyed two Iranian oil platforms, sank or crippled six Iranian ships in a retaliatory strike ordered by Reagan against Iran's mine-laying in the Gulf that hit an American frigate.

The clashes added up to the biggest Gulf naval engagement since the United States deployed ships there last July to escort Kuwaiti tankers flying the American flag through the Gulf.

It also marked the sharpest hostilities between the United States and Iran since the fall of the Shah (Iran's king) in 1979.

At the Pentagon, officials said the U.S. Navy warships and helicopters are continuing to search for a U.S. Marine Cobra helicopter missing in yesterday's actions with a two-men crew on board.

In another development, the White House said today that there is no change in U.S. policy of escorting Kuwaiti oil tankers through the Gulf in spite of its confrontation with Iran.

The United States will "continue to carry it (escorting policy) out as we have in the past," spokesman Marlin Fitzwater said when asked about a report that the United States has suspended escorting re-flagged Kuwaiti tankers through the Gulf until the situation in the volatile waters calms down.

"We think the Gulf protection program has worked very well. The international coordination has worked extremely well," the spokesman said.

The U.S. Navy now has 29 ships operating in the Gulf region to protect the Kuwaiti tankers under the stars and stripes from possible Iranian attacks.

Senate Democrats Elect 43 Super Delegates
*OW210306 Beijing XINHUA in English 0605 GMT
20 Apr 88*

[Text] Washington, April 19 (XINHUA)—U.S. Senate Democrats today elected 43 super delegates to the Democratic Party National Convention to be held July 18 in Atlanta to nominate the Democratic presidential candidate.

Of the 43 super delegates, Massachusetts Governor Michael Dukakis got 13, the largest share. Senator Albert Gore of Tennessee got seven, Illinois Senator Paul Simon got two and black civil rights leader Jesse Jackson got none. The remaining 21 delegates are uncommitted.

House Democrats will complete selection of their 208 super delegates on Wednesday. All together, 251 Senate and House super delegates will be selected.

Senate Democratic super delegates were generally chosen on the basis of seniority. Party rules allow up to 80 percent of all U.S. congressmen to become super delegates.

Congressional delegates are officially listed as uncommitted. They are called super delegates because they can vote for whomever they want as the Democratic nominee for president.

A total of 644 super delegates will be sent to the Democratic Party National Convention who will have some weight in the selection of the party's nominee. Besides the 251 congressional super delegates, there are 393 more appointees which include members of the Democratic Party National Committee, governors and other former high-ranking elected officials.

Reagan's 1984 Campaign Committee Fined
*OW210418 Beijing XINHUA in English 0741 GMT
20 Apr 88*

[Text] Washington, April 19 (XINHUA)—U.S. President Ronald Reagan's 1984 campaign committee was fined 10,000 dollars by the Federal Election Commission for accepting excessive contributions in the 1984 primary election.

According to documents released today by the Federal Election Commission, Reagan accepted more than the 1,000-dollar maximum from 285 individuals, for a total of 193,674 dollars in excess receipts.

The commission found that Reagan's campaign committee transferred 172,624 dollars into a fund used to comply with various federal election regulations in the general election.

Such a transfer is legal only if the donors give written permission. However, in the case of Reagan's campaign, such written permission was not obtained.

The Federal Election Commission also found most of the rest of the money was refunded to the donors, "although not within a reasonable time."

Federal law allows candidates to accept a maximum of 1,000 dollars as contributions from each donor for the primary election. The federal election commission provides funds for the nominees of the two parties for the general election.

This year, the Federal Election Commission will give the Democratic and Republican nominees 27 million dollars each for the general election campaign.

Vice-Premier Tian Jiyun Meets U.S. Newsman
*OW201254 Beijing XINHUA in English 1128 GMT
20 Apr 88*

[Text] Beijing, April 20 (XINHUA)—Chinese Vice-Premier Tian Jiyun met Stephan Shepard, editor-in-chief of the "BUSINESS WEEK" of the United States, here this afternoon.

Tian answered Shepard's questions on China's coastal economic development strategy.

Tian Jiyun Meets MacArthur Foundation Delegation
*OW201232 Beijing XINHUA in English 1113 GMT
20 Apr 88*

[Text] Beijing, April 20 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here today a delegation from the MacArthur Foundation of the United States.

The delegation, headed by the foundation's President John E. Corbally, came here at the invitation of the Association for International Understanding of China.

Soviet Union

Soviet Newspapers Debate Current Reforms
*OW200319 Beijing XINHUA in English 1422 GMT
19 Apr 88*

[Text] Moscow, April 19 (XINHUA)—A debate on the current reform in the Soviet Union continued today as the newspapers PRAVDA and SOVETSKAYA ROSSIYA published articles supporting their respective arguments.

The Communist Party daily PRAVDA today carried a letter by 38 renowned writers who voiced their "firm" support for the paper's April 5 editorial.

The writers said the most pressing social problems in the Soviet Union cannot be solved by administrative decrees, which are the greatest obstacle to the reform.

The PRAVDA editorial on April 5 criticized SOVETSKAYA ROSSIYA article on March 13, which described the Soviet Union as "deviating from the course of socialism" and the criticism of Joseph Stalin as "a distortion and one-sided."

SOVETSKAYA ROSSIYA today published another article to defend itself, though it admitted its mistake in an article last Friday.

Today's article stressed that a society cannot be simply described as being formed by either conservatives or reformists. Most of the people who doubt the reform are truly patriotic, it said.

People should get used to the existence of all kinds of viewpoints towards a new thing and learn to treasure constructive ideas, the article said.

USSR Envoy in UK Condemns U.S. Action in Gulf
*OW210139 Beijing XINHUA in English 0532 GMT
19 Apr 88*

[Text] London, April 18 (XINHUA)—Soviet Ambassador to Britain Leonid Zamyatin today condemned the United States actions in the Gulf as being counter to United Nations efforts to cool the situation in the region.

Zamyatin told a press conference at the Soviet Embassy in London that the American attack on Iranian oil platforms was a dangerous precedent in international relations.

"Our view is that such U.S. actions deepen a crisis in an area where strains are already great. It sets a dangerous precedent when a state assumes the right to punish other states for actions that they may or may not have taken," he said.

"Such actions serve to broaden the conflict," he added.

The Soviet ambassador said that the Iranian actions were not the beginning but the result of actions by the U.S. when it originally sent in its huge naval armada into the Gulf.

"We are against expansion of foreign naval forces in the region," he said, adding that they should be pulled out.

Zamyatin was speaking at the press conference given by a Soviet parliamentary delegation which is coming to the end of its visit to Britain.

The Soviet delegation is headed by Avgust Voss, chairman of the Soviet of Nationalities of the Supreme Soviet.

TASS Says U.S. Attack in Gulf 'Gangster-Like'
OW200209 Beijing XINHUA in English 1738 GMT
19 Apr 88

[Text] Moscow, April 19 (XINHUA) — The official Soviet news agency TASS today said the operations by the U.S. Navy in the Gulf appear to be a "gangster-like act."

The U.S. White House announced Monday that U.S. warships attacked two Iranian oil platforms in the Gulf Monday in retaliation for last week's mine blast that almost sank an American frigate and for Iranian mine-laying in international waters.

TASS described the U.S. Navy operations as "aggressive actions in the Persian Gulf," adding that the actions can only lead to an escalation of the conflict.

TASS reported the Soviet Union's proposal that UN-flagged naval forces be formed in the Gulf "in the interests of settling the conflict and scaling down tension in the region."

Northeast Asia

Japan Supports U.S. Military Action in Gulf
OW200249 Beijing XINHUA in English 1130 GMT
19 Apr 88

[Text] Tokyo, April 19 (XINHUA)—Japan offered broad support for U.S. military action in the Persian Gulf today and repeated its call for safe navigation through it.

U.S. warships shelled Iranian offshore oil platforms in the southern Gulf on Monday, charging that this was in retaliation for Iran's laying of mines which damaged a U.S. frigate last week.

Chief Cabinet Secretary Keizo Obuchi said that if Iran really laid the mines, it had threatened the free and safe passage of international shipping. Japan, he said, is strongly concerned about the worsening situation and hopes for an early settlement.

Prime Minister Noboru Takeshita said today he sees no particular economic impact on Japan from U.S.-Iran exchanges of fire in the Gulf and that the U.S. attack on Iranian forces appeared to have been on a limited scale.

Foreign Minister Sosuke Uno told reporters that the U.S. informed Japan of its attack immediately after the action.

According to Foreign Ministry officials, Japan will ask Iran to exercise restraint when Iranian presidential adviser Mostafa Mir Salim visits here next week.

Japanese Foreign Minister Views Disputed Islands
OW200635 Beijing XINHUA in English 1130 GMT
17 Apr 88

[Text] Tokyo, April 17 (XINHUA)—Japanese Foreign Minister Sosuke Uno said in Nemuro, Hokkaido, today, he hopes to win the return of the Soviet-held four islands as early as possible, according to a report from that city.

Uno, viewing the territories just east of Hokkaido from aboard a patrol boat, told reporters on board the ship that he feels as if he is on an international border but that the islands are Japan's territories.

Uno was the sixth incumbent foreign minister to view the islands since 1976.

Japan claims sovereignty over Kunashiri, Etorofu, Shikotan Islands and the Habomai group islets which the Soviet Union seized after the end of the Second World War.

At a press conference in Nemuro after the cruise, Uno said he is planning to meet his Soviet counterpart Eduard Shevardnadze in Tokyo this fall for a regular consultation.

He added that he hopes to discuss with Shevardnadze in depth the territorial issue and international problems, particularly the decade-long war in Kampuchea.

Uno said he is urging Prime Minister Noboru Takeshita to visit Hokkaido to view the northern islands.

Takeshita, Military Chiefs View Defense Buildup
OW200317 Beijing XINHUA in English 1420 GMT
19 Apr 88

[Text] Tokyo, April 19 (XINHUA)—Prime Minister Noboru Takeshita told military leaders today that the time is approaching for the government to begin planning the next five-year defense buildup.

The present 18.4 trillion yen (approximately 136.30 billion U.S. dollars) defense plan covers the five year period ending March 31, and according to KYODO News Service, Takeshita met to discuss a new budget with the top officers of the Self Defense Forces (SDF).

KYODO said the meeting, the first in three years between a prime minister and SDF leaders, took place over lunch at the prime minister's official residence.

Gu Mu Meets Japanese Ambassador Nakajima
OW210826 Beijing XINHUA in English 0723 GMT
21 Apr 88

[Text] Beijing, April 21 (XINHUA)—Gu Mu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met here today with Japanese Ambassador to China Toshiji Nakajima.

South Korean Students Mark Uprising Anniversary
OW210416 Beijing XINHUA in English 0720 GMT
20 Apr 88

[Text] Pyongyang, April 20 (XINHUA)—More than 20,000 South Korean students held rallies in Seoul and other cities Monday and Tuesday to mark the violent student uprising of April 1960 which toppled South Korea's first president, Li Seung-wan, according to reports from Seoul.

Chanting "Down with the dictatorship" and "Struggle for democracy," students from many schools in Seoul joined in a marathon run from Korea University to a cemetery and back, turning the annual event into a massive demonstration.

The students wore red headbands and carried placards reading "Turn Armistice Agreement Into Peaceful Agreement" and "Destroy All Nuclear Weapons on the Korean Peninsula." They also scattered thousands of leaflets denouncing the government and the United States and demanding a joint North-South holding of this summer's Olympic Games.

Thousands of riot police remained on alert along the course. There were no clashes between the demonstrators and police. Korea University students spearheaded the April 19 uprising to protest rigged elections and helped bring down the president. Some students killed in the uprising are buried in the cemetery on the marathon route.

Meanwhile, a meeting was also held in Pyongyang yesterday to mark the occasion.

Yom Tae-chun, president of the Central Committee of the Democratic Front for the Reunification of the Fatherland, told the gathering that the April 19 desire should be realized as soon as possible, that U.S. troops should be withdrawn from South Korea, and that the reunification of the Korean peninsula should be realized through dialogue between the North and South.

MPR's Batmonh Receives Romania's Ceausescu
OW200309 Beijing XINHUA in English 1103 GMT
19 Apr 88

[Text] Ulaanbatar, April 19 (XINHUA)—Romanian President Nicolae Ceausescu arrived here today for an official visit to Mongolia.

He was greeted at the airport by Mongolian leader Jambyn Batmonh, Premier Dumaagiyn Sodnom and Foreign Minister Mangalyn Dugersuren.

Ceausescu is expected to hold talks with Mongolian leaders on bilateral relations, economic cooperation and the international situation.

The two countries signed an agreement on friendship and cooperation after they set up diplomatic relations in April 1950.

The Romanian president was here in 1971.

Southeast Asia

Sihanouk Renews Offer of Dialogue with Hanoi
HK210458 Hong Kong AFP in English 0404 GMT
21 Apr 88

[Text] Beijing, April 21 (AFP)—Cambodian resistance leader Prince Norodom Sihanouk has said he is willing to stop calling Vietnam an "aggressor" if Hanoi agrees to talk with him directly about the future of his country.

The offer is contained in a French-language transcript of a conversation April 8 between Prince Sihanouk and North Korean President Kim Il-Sung, received here Thursday from Pyongyang where the prince is currently residing.

"I know very well the sensitivity of the Vietnamese. This is why I have never envisaged making the Socialist Republic of Vietnam lose face," the former Cambodian monarch is quoted in the handwritten transcript as saying.

"But I will not describe Vietnam as an 'aggressor' in my country if Vietnam accepts to hold talks with me on the 'Kampuchea problem'," Prince Sihanouk said. The word "if" in the transcript is underlined.

Vietnam invaded Cambodia in December 1978 to oust the pro-Chinese Khmer Rouge regime and install a pro-Hanoi government in Phnom Penh.

Vietnam maintains an estimated 140,000 troops in the country to combat guerrillas from the Coalition Government of Democratic Kampuchea, which includes the Khmer Rouge, nationalists under Son Sann and supporters of Prince Sihanouk.

In the transcript Prince Sihanouk said that Cambodia, "once it has again become 100 per cent independent," would become a close friend of Vietnam.

"The Soviet bloc and Vietnam would stand to lose nothing—to the contrary!—by accepting to recognize for Cambodia and the Cambodian people the right to total independence and full sovereignty," he added.

Prince Sihanouk also reiterated his refusal to renew talks with Phnom Penh Premier Hun Sen. He met twice with Mr. Hun Sen, in December and January, in France.

The prince had announced in February that he wanted to talk directly to Vietnam about Cambodia, when he announced his decision—later aborted—to quit the Cambodian resistance coalition.

Vietnam has consistently said that the Cambodian situation is one for Cambodians to solve between themselves, and that it has no part to play in direct talks.

Ceausescu Urges Vietnamese Troop Withdrawal
*OW210356 Beijing XINHUA in English 0718 GMT
20 Apr 88*

[Text] Beijing, April 20 (XINHUA)—Romanian President Nicolae Ceausescu Tuesday called for Vietnamese troops to withdraw from Kampuchea, according to a news accounts received here from Hanoi.

Ceausescu issued his withdrawal call in an interview with AGENCE FRANCE-PRESSE before leaving for Mongolia.

In a joint communique issued yesterday at the end of Ceausescu's state visit, Vietnam and Romania called for an end to outside interference in Kampuchea.

AFP also reported that the Romanian president's two-day visit focused on the Kampuchean situation, bilateral trade and international affairs. But no details were available.

Romania does not recognize the Vietnamese-backed government in Phnom Penh and Ceausescu has good relations with Kampuchean resistance leader Samdech Norodom Sihanouk, the report said.

Malaysia Urges SRV Withdrawal from Cambodia
*OW210209 Beijing XINHUA in English 0730 GMT
19 Apr 88*

[Text] Beijing, April 19 (XINHUA)—Malaysian Deputy Foreign Minister Abdullah Fadzil Che Wan said Monday that Vietnamese troops in Kampuchea must be withdrawn and the Vietnamese refugee problem solved, according to reports reaching here today.

At a dinner given in Kuala Lumpur for visiting Vietnamese Vice Foreign Minister Tran Quang Co, Abdullah said that Vietnam has a "pivotal role" to play. He said that "there must be withdrawal, and national reconciliation must proceed unhindered".

Turning to the Vietnamese refugee problem, Abdullah said Malaysia continues to be burdened by Vietnamese refugees, adding that Vietnam should cooperate in stemming the outflow of its "boat people" and help ensure the implementation of an orderly departure program for those wishing to leave Vietnam.

Tran, who arrived in Kuala Lumpur yesterday, will continue talks with Abdullah and Foreign Minister Abu Hassan Omar on the Kampuchean problem and other issues.

Thailand Rejects Lao Proposal To Revive Talks
*OW210219 Beijing XINHUA in English 0739 GMT
19 Apr 88*

[Text] Bangkok, April 19 (XINHUA)—Laotian troops poured mortars, rockets and small arms fire into a Chiang Khan District village of Loei Province during the night of April 17 to the early morning yesterday, according to a local press report today.

Thai officers in the field were quoted as saying that Thai forces did not respond to the shooting which lasted 30 minutes.

The shelling took place after a clash on April 16 between Thai and Laotian troops in which one Laotian soldier was killed and another wounded.

It was reported that the clash erupted when Laotian soldiers arrested a Thai warrant officer during a "Songkran Festival", also known as the water festival, which is celebrated by Thais and Laotians.

The report said, Thai local officials had sent a letter to Laotian officials seeking the release of the officer.

Meanwhile, according to another report, General Sisavat Keobounphan, chief-of-staff of the Lao People's Army proposed that the Thai-Lao Cooperation Committee set up in 1979, be revived to tackle overall problems including the current border dispute.

He also proposed that the committee appoint a border committee to verify and demarcate the border in accordance with the 1907 Franco-Siamese Treaty.

The proposals were made verbally to Thai Ambassador to Laos Niran Phanuphong before he returned to Bangkok on April 15.

Thai Deputy Foreign Minister Praphat Limpaphan was quoted as saying yesterday that Thailand cannot consider the proposals, since they were delivered verbally. "The proposal does not mean Laos has become flexible over the border dispute," he said.

Thailand and Laos had been fighting for the control of an 80-square-kilometer strip of land between the Thai province of Phitsanulok and the Lao province of Sayaboury from November last year to February this year.

A ceasefire agreement was reached in mid-February between military delegations of the two countries, which was followed by two rounds of government talks in Vientiane and Bangkok.

During the talks in Vientiane, Thai side had offered the proposal to set up a joint commission to define the common border and the proposal of revival of the joint cooperation committee set up in 1979, but no agreement has been reached so far.

Romanian President Mediates Cambodian Conflict

OW210151 Beijing XINHUA in English 0723 GMT
19 Apr 88

[Text] Beijing, April 19 (XINHUA)—Visiting Romanian President Nicolae Ceausescu and Vietnamese leaders focused their talks on the Kampuchean problem in Hanoi Monday, according to a report reached here today.

However, the report quoted Vietnamese Foreign Minister Nguyen Co Thach as saying the talks were "secret" and no details were available.

Ceausescu, 70, arrived in Hanoi April 17 for a two-day official visit to Vietnam which is the last leg of his Asia-Pacific tour. He has visited Australia and Indonesia, and leaves for Mongolia today.

During his stay, the Romanian president was believed to mainly mediate in the nine-year Kampuchean conflict and to deliver a message from Kampuchean resistance leader Samdech Norodom Sihanouk, but Thach declined to say if he had delivered the message.

Romania is the only East European country not to recognize the Vietnamese-backed regime in Phnom Penh, observers noted.

Deng Xiaoping Meeting With Aquino Noted

HK191242 Beijing RENMIN RIBAO in Chinese
17 Apr 88 p 1

[Report by Feng Chaoyang (7458 2600 7122) and Jiang Qianhong (5592 0578 4767): "At a Meeting With Corazon Aquino, Deng Xiaoping Expresses China's Hope That the Philippines Will Achieve Stability and Prosperity"]

[Text] Beijing, 16 Apr—"Welcome! Where are your two daughters?" said Deng Xiaoping cordially as soon as he saw Mrs Aquino. When the two sisters stepped forward,

Deng Xiaoping asked with affection: "Could you call me Grandpa Deng?" Seeing that they bashfully nodded, Deng Xiaoping broke into a hearty laugh, saying: "Fine! We have recognized each other as relatives." After entering the Fujian Hall of the Great Hall of the People, Deng Xiaoping had a special group photograph taken with Mrs Aquino and her two daughters. The two sisters said excitedly: "Thank you, Grandpa!"

The meeting between the Chinese and Philippine leaders thus started in an atmosphere as dear to each other as members of one family.

After both the host and the guests sat down and exchanged a few words of greeting, Deng Xiaoping frankly said to Mrs Aquino: You have met with a rather difficult situation since you were elected the President of the Philippines. However, you have managed very well, bringing the Philippines from turbulence to a relatively stable state. We appreciate this very much. Deng Xiaoping stressed: China hopes for a stable, prosperous, rich, and strong Philippines.

With regard to Sino-Philippine relations, the two leaders unanimously said that they would make positive efforts to further develop the friendly relations and cooperation between the two countries. Deng Xiaoping said: "There are also some knots [ge da 4095 4079] between us but they are not hard to solve. Both parties spoke highly of the five principles for peaceful coexistence, holding that they are full of vitality. Corazon Aquino said that she had seen the great successes in China's reform and hoped to learn from these experiences. Deng Xiaoping said: China and the Philippines should take full advantage of the peaceful environment to develop their own economies.

When discussing some international issues, Deng Xiaoping said: China hopes for world peace and regional peace. China particularly hopes to develop friendly relations with Asian countries, including the ASEAN countries, and become good friends. He pointed out: International problems should preferably be rationally solved by peaceful means.

In the course of the meeting, Deng Xiaoping took out a cigarette and asked Mrs Aquino: "May I smoke?"

Mrs Aquino said with a smile: "I cannot say no to you because I am not the leader of this country." "But in the Philippines there is no smoking in cabinet meetings."

Hearing this, Deng Xiaoping disclosed to the guests with a smile: "At a meeting of the Seventh NPC, I violated a regulation. When I took out a cigarette out of habit, a deputy slipped me a note criticizing me. I could do nothing but immediately accept this criticism."

The entire hall burst into laughter at his remark.

After the meeting ended, reporters noted that unlike his previous meetings with foreign guests, there was only one cigarette butt in his ash tray.

Li Peng Holds Talks With President Aquino

HK191356 Beijing RENMIN RIBAO in Chinese
16 Apr 88 p 1

[Report from Beijing on 15 April by Correspondents Feng Chaoyang (7458 2600 7122) and Jiang Qianhong (5592 0578 4767): "Li Peng Holds Talks With Corazon Aquino—Both Sides Express Need to Strengthen Cooperation Between the Two Countries in Various Fields"]

[Text] Li Peng, Premier of the State Council, held formal talks with Philippine President Mrs Aquino for 2 hours in the Great Hall of the People this morning. Both sides expressed readiness to further strengthen the friendly cooperation and exchanges between China and the Philippines in the fields of economy, trade, science and technology, culture, and the arts and shared the same or similar points of views on a series major international issues, such as the Cambodian question.

Li Peng said: China and the Philippines have always maintained friendly relations since the establishment of their diplomatic ties and a new development has come about in this field since President Corazon Aquino formed the Philippine Government. He pointed out: Both China and the Philippines are working for peace and development. The two countries have different social systems and ideologies. However, this will not present an obstacle to the development of friendly cooperation between the two countries. China maintains that relations between countries should be established on the basis of the Five Principles of Peaceful Coexistence and the South-South cooperation vigorously developed. Li Peng said: Both China and the Philippines are developing countries and have their own strong points. We have made very good achievements in our cooperation in the fields of science and technology, especially in agricultural technology. This benefits both of us.

During the talks, President Corazon Aquino reaffirmed the Philippine government's position insisting that the government of the PRC is the sole legal government representing China. She emphatically said: The Philippine Government has attached great importance to the development of its relationship of friendship and cooperation with the PRC and is eager to further develop, on the basis of what has been achieved in this regard, comprehensive and harmonious relations of friendship and cooperation, which should be full of vitality. She also pointed out: Our relationship is solid and sustained. This is not only advantageous for both of us but also benefits regional peace and stability.

When speaking of the Cambodian issue, President Corazon Aquino said: The Philippines has always maintained that Vietnam should withdraw its troops from Cambodia as soon as possible and will continue to support the

8-point proposal of the coalition government of Democratic Kampuchea on a political solution to the Cambodian issue and support the efforts made by Prince Norodom Sihanouk for such a solution. She expressed her admiration for China's firm support for the Cambodian people's struggle to resist Vietnam and for national salvation.

Premier Li expressed his agreement with President Corazon Aquino's aforesaid views. Li said: The key to a political solution to the Cambodian issue is Vietnam's complete withdrawal of its troops from Cambodia. Li Peng emphatically pointed out: China has no private axe to grind as far as the Cambodian issue is concerned. After Vietnam withdraws its troops from Cambodia, the Cambodian issue should be settled by the Cambodian people themselves. The two leaders unanimously agreed: The future Cambodia should be an independent, peaceful, neutral, and nonaligned country.

During the meeting, both sides also briefed each other on their own countries' development. President Corazon Aquino invited Premier Li Peng to visit the Philippines and Li accepted with pleasure. The specific date of the visit will be decided on through diplomatic channels.

Philippine Senators Favor Anti-Nuclear Bill

OW200139 Beijing XINHUA in English 1626 GMT
19 Apr 88

[Text] Manila, April 19 (XINHUA)—The Philippine Senate committees on national defense and on foreign relations today reported out for approval of the bill advocating the constitutional ban on nuclear weapons.

The bill, a consolidated version of three bills filed by Senators Wigberto Tanada and Aquilino Pimentel, has got eventual approval as 15 of the 23 senators, including opposition leader Juan Ponce Enrile, have signed it as co-sponsors.

At least three other senators including Senate President Jovito Salonga, who are not members of the two committees, are expected to support the measure.

The bill seeks to prohibit all forms of development, manufacture, acquisition, testing, use, or storage of nuclear weapon-related facilities in the country, including the U.S. military bases here.

It also bans the entry, transit, port calls, stationing, and servicing of nuclear-armed, nuclear-powered or nuclear capable military overland transports, ships or submarines or aircraft.

It stipulates that the Philippines shall not be involved in any nuclear weapon-related activity and that any treaty or agreement entered into by the Philippines shall include a term rejecting deployment of nuclear weapons in the country.

Another Philippine Senator Against Bases
*OW200137 Beijing XINHUA in English 1612 GMT
19 Apr 88*

[Text] Manila, April 19 (XINHUA)—Philippine Senator Joseph Estrada today called for the dismantling of the U.S. military bases in the country.

Estrada is reputedly the sixth senator to openly come out against the retention of the U.S. bases here.

In a speech at a rally, Estrada said the continuing presence of the U.S. military bases in the country mires "the integrity of our nation and of our national sovereignty."

Estrada asked the Aquino administration to serve a notice of termination of the military bases agreement and forego any negotiation for a new treaty.

In calling for the dismantling of the two U.S. military bases here, the 51-year-old former movie actor said the U.S. has been "fooling and cajoling" the Filipinos in the 90-year relations between the two countries.

"It is about time now that we cut off the rope that strangles our growth as a nation," he said.

He also asked the government to prepare for the alternative uses of the two bases and the possible dislocation of the Filipino base workers there.

Near East & South Asia

Commentary Decries PLO Leader's Assassination
*OW191314 Beijing XINHUA in English 0938 GMT
19 Apr 88*

["Commentary: Assassination Cannot Stop Waves of Palestinian Uprising (by Zhao Zhong and Mu Guangren)"]—XINHUA headline]

[Text] Cairo, April 19 (XINHUA)—The Tunisian investigation committee set up following last Saturday's assassination of Abu Jihad [Khalil al-Wazir] deputy commander of the Palestinian Armed Forces, announced Monday that Israel was behind the brutal killing.

The Palestine Liberation Organization (PLO) leader, second only to PLO Chairman Yasir 'Arafat, was gunned down in his Tunis residence while reading a report from the occupied Arab land where the over-four-month-long Palestinian uprising maintains its momentum.

The National Broadcasting Corporation (NBC) in the United States reported earlier that the vicious plan, carried out by a commando jointly formed by the Israeli intelligence agent "Mossad", Navy and Army, [as

received] was approved by Israeli Prime Minister Yitzhak Shamir, Foreign Minister Shim'on Peres and Defense Minister Yitzhak Rabin, and was designed to extinguish the flame of Palestinian resistance.

According to NBC, former Mossad chief Rafael Eytan revealed after the assassination that Abu Jihad had long been placed on a target list for assassination. It was a "strategic gain" for Israel to have gunned down the Palestinian leader, Eytan said.

The assassination provoked new waves of protest and violence inside the West Bank and Gaza Strip. Thousands of demonstrators clashed with Israeli soldiers the day they lost their beloved leader. Other parts of the Arab world also came out in one voice of condemnation.

The vicious Israeli killing proves that the assassination of Palestinian leaders will only fuel, not stop, the Palestinian uprising.

The assassination indicates that the Israeli authorities are at their wit's end in face of the continued violence in the occupied territories. The uprising that was pioneered by Palestinian youngsters on December 8 last year is still going on despite Israel's harsh crackdown. Live ammunition, beatings, jail, curfews and deportation all have failed to stop the powerful torrents.

It is a miscalculation if the Israeli authorities think they can root out the core of the disturbances by assassinating Abu Jihad. A new generation of Palestine leadership is emerging with courage and wisdom.

The Israeli authorities call the PLO "terrorist", but the new assassination and the Israeli air attack on the PLO headquarters in Tunis in October 1985 show that they themselves are 100 percent terrorists.

The loss of Abu Jihad constitutes a setback in the Middle East peace process. Arab leaders have made tremendous efforts to convene an international Mideast peace conference and against this background, U.S. Secretary of State George Shultz has paid three shuttle visits to the region since this year. But the Israeli authorities have placed a new obstacle to peace in the way by committing this crime.

Iran-China Discuss Oil Market, Prices
*LD201911 Tehran IRNA in English 1810 GMT
20 Apr 88*

[Text] Beijing, April 29, IRNA—Oil Ministry Deputy for International Affairs, Hoseyn Kazempur-Ardabili met Chinese minister of foreign economic relations and trade, here today.

Kazempur-Ardabili is currently visiting China to discuss Iran-China commercial and oil issues.

In the meeting the two sides conferred on ways of promoting Tehran-Beijing commercial cooperation.

The Iranian official exchanged views with the Chinese minister on the latest developments in the oil market and on the oncoming meeting of OPEC and non-OPEC producers. He also called for a closer cooperation between the two groups of producers.

The Chinese official responded that his country is quite ready to cooperate with all members of OPEC to stabilize the oil price at the international markets.

"China has reduced its oil exports several times before upon OPEC'S requests," he noted, adding that a 5 percent reduction will also take place this year," he added [quote marks as received].

At the end of the meeting the Chinese minister announced his country's readiness to cooperate with the Islamic Republic of Iran and with the OPEC as a whole.

Foreign Trade Official Attends Meeting in Nepal
OW200625 Beijing XINHUA in English 0958 GMT 17 Apr 88

[Text] Kathmandu, April 17 (XINHUA) — The China-Nepal Inter-Governmental Economic and Trade Committee started its fourth annual session here today to discuss new areas of economic cooperation and expansion of bilateral trade.

At the opening ceremony of the annual committee meeting, both Nepalese Finance Minister Bharat Bahadur Pradhan and Chinese Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian expressed satisfaction at the progress in economic cooperation.

Pradhan said "Chinese assistance in building up our road network, in establishing industries and in constructing hydropower projects are noteworthy."

He also noted that the Kathmandu-Lhasa air link provides a potential for mutual cooperation and Nepal is determined to explore the channels of trade expansion.

However, he said that trade imbalance between the two countries has continued to widen in favor of China. He hoped the meeting would come up with some concrete measures to overcome it.

Pradhan also suggested to open joint ventures to cater to the needs of tourism in China's Tibet Autonomous Region.

Lu Xuejian said at the opening ceremony that "it is our common wish to further the bilateral economic and trade relations."

He said his delegation was willing to work together with the Nepalese friends "to extensively explore and expand" the areas for cooperation between the two countries.

The China-Nepal Inter-Governmental Economic and Trade Committee was established in 1983. It holds annual sessions in Beijing and Kathmandu alternately. The current session will last till April 21.

Meets With Premier

OW210440 Beijing XINHUA in English 1157 GMT 19 Apr 88

[Text] Kathmandu, April 19 (XINHUA)—Nepalese Prime Minister Marich Man Singh Shrestha here today expressed appreciation of China's economic assistance and said he believes that the current visit by a Chinese economic delegation will promote bilateral economic relations.

Economic cooperation and trade relations between Nepal and China should be developed further, Shrestha said this afternoon when he met Chinese Vice Minister of Foreign Economic Relations and Trade Lu Xuejian.

Lu is leading a delegation to the fourth meeting of the China-Nepal Intergovernmental Economic and Trade Committee.

He told Shrestha that China-aid projects agreed last year, including the construction of an international meeting hall here, have been started in different stages.

Meanwhile, Lu said China plans to import Nepalese leather products as a way to narrow the bilateral trade gap in favor of China.

He also said that China desires to cooperate with Nepal to repair the Kathmandu-Kotari Highway (Friendship Highway) so that facilities could be provided earlier for tourists and businessmen between the two countries.

The highway was constructed under Chinese assistance, but a portion of about 8 kilometers was washed away during a big flood last summer.

Lhasa-Kathmandu Air Route To Open 27 Apr
HK200710 Lhasa Tibet Regional Service in Mandarin 1030 GMT 19 Apr 88

[Text] A TIBET RIBAO reporter received the following piece of information from the Lhasa booking office of the General Administration of Civil Aviation of China [CAAC]: An international air route between Lhasa and Kathmandu will be open effective 27 April this year. Large advanced Boeing-707 passenger planes will serve this air route. There will be one Lhasa-Kathmandu flight and one Kathmandu-Lhasa flight on Wednesdays and Saturdays.

According to a responsible comrade from the Lhasa booking office of the CAAC, tickets for the first flight will be on sale starting 20 April.

Afghan Rebels To Try Najibullah In Absentia
OW210634 Beijing XINHUA in English 1041 GMT
20 Apr 88

[Text] Islamabad, April 20 (XINHUA)—The head of the Soviet-backed Kabul regime Najibullah and his senior assistants will be tried by default in the judicial board recently set up in the liberated areas in Afghanistan by the seven-party resistance alliance, the resistance sources said here today.

Najibullah and his assistants will be tried under the charges of collaboration with the Soviet aggression, involvement in mass killing of over 1.3 million Afghans, and causing harm to the integrity and unity of Afghanistan, the sources said.

The Supreme Council of the Afghan Resistance Alliance has already issued directives to the judicial board in this regard, they added.

The orders will not be applied on those for whom the general amnesty has already been announced by the alliance, they said.

The Supreme Council has also decided that exchange of prisoners of war between the Mujahidin (holy-war fighters) and the Soviet Union will be postponed till the fall of the Najibullah administration and the creation of an Islamic State in Afghanistan so that the recognized traitors of the Afghan nation could not flee away, the sources said.

Afghan Resistance To Discuss Interim Government
OW210309 Beijing XINHUA in English 0818 GMT
19 Apr 88

[Text] Islamabad, April 19 (XINHUA) — Ahmad Shah, president-designate of the Afghan Mujahidin's interim government, will soon despatch three delegations to Afghanistan to select a suitable place in the liberated areas for installation of the government, according to Afghan resistance source here today.

The decision was taken yesterday at the first meeting of the Mujahidin (holy-war fighters) government held in Peshawar, capital of Pakistan's Northwest Frontier Province.

All the cabinet members including vice-president nominated Zabiullah Mujaddidi were present at the meeting, the source said.

The meeting asked the deputations to make an early departure for Afghanistan and submit their reports as early as possible.

Meanwhile, Gulbuddin Hikmatyar, president of the seven-party alliance said in a statement issued yesterday in Peshawar that the process of formation of the interim government has now been completed. Only the announcement of a suitable place inside Afghanistan is to be made for the interim government, he noted.

Hikmatyar discounted the propaganda that the Mujahidin are not united on the question of forming their interim government.

He expressed the hope that Afghan refugees will soon return to their motherland.

Ustad Saeed, press liaison officer of the seven-party alliance of the Mujahidin, said yesterday's meeting also discussed various matters relating to the future line of action of the interim government.

U.S. Suspends Tanker Escort Operation
OW200034 Beijing XINHUA in English 0007 GMT
20 Apr 88

[Text] Cairo, April 19 (XINHUA)—U.S. Navy has temporarily suspended escort operations for American-flagged Kuwaiti tankers as Iran continued today its attacks on commercial ships and more mines have been spotted in the Gulf.

According to reports from Manama, Bahrain, quoting sources close to the Kuwait oil tanker company today, the U.S. Navy has stopped the escorts until further notice.

Meanwhile, Iranian gunboats today attacked two tankers entering the Strait of Hormuz, although U.S. President Ronald Reagan announced that the situation in the Gulf was quieter today following U.S. warships destroying two Iranian oil platforms in the Gulf Monday.

According to Gulf shipping sources, one of the ships attacked today was the 12,215-ton "FAL-5" of the United Arab Emirates which was set ablaze in the attack and the crew members were rescued by Omani coast-guard patrol boats.

Another ship attacked was "Meltem" which flew the Bahamas flag.

A French warship today spotted three mines in the central part of the Gulf where shipping had previously been believed to be safe from mines.

Commercial ships have been advised not to sail in the troubled waters in the Gulf in view of the latest clashes between U.S. and Iranian warships, Gulf shipping sources said.

UAE Consults U.S. Envoy on Oilfield Attack
OW210002 Beijing XINHUA in English 2342 GMT
20 Apr 88

[Text] Kuwait, April 20 (XINHUA)—The United Arab Emirates (UAE) today strongly condemned the Iranian gunboats' attack on its oil installations in the Gulf.

Radio Abu Dhabi quoted an official source at the Foreign Ministry as saying Tuesday morning that Iranian gunboats attacked the platform of Mubarak Oilfield belonging to the UAE in the Gulf waters at 12:15 p.m. local time on April 18.

Some UAE citizens were killed or injured, and oil installations in the field were severely damaged because of the Iranian attack, the source added.

He stressed that his country strongly denounced the unjustifiable attack which violated the policy of good neighbourhood and international norms and conventions.

The UAE affirms all rights to adopt necessary and appropriate measures to maintain its rights, security, and sovereignty, the source said.

The undersecretary of the UAE Foreign Ministry met yesterday ambassadors of Iran, the United States, and France and discussed with them separately the latest development in the Gulf, the attack on the Mubarak Oilfield in particular.

Iranian gunboats last Monday attacked oil installations off the coasts of Sharjah Emirate in retaliation to the U.S. Naval forces attack on two platforms in the Iranian Siri Island, while the U.S. attack was a response to the mining of a U.S. vessel in the Gulf last week.

India, USSR Expand Economic Cooperation
OW200350 Beijing XINHUA in English 0831 GMT
19 Apr 88

[Text] New Delhi, April 19 (XINHUA)—India and the Soviet Union have agreed to expand their trade and economic cooperation during the talks between the visiting high-level Soviet delegation and Indian officials.

At the end of the visit of the Soviet delegation led by Y P Khomenko, deputy chairman of the Soviet Planning Committee, both sides signed the minutes of discussions on detailed delineation of the area of Indo-Soviet cooperation.

The discussions conducted both in the long-term and short-term perspectives are expected to give a new thrust to the Indo-Soviet economic cooperation in the coming years.

Cooperation in the traditional ranges of commodities and manufactures will be enhanced. These include items of imports by India like crude oil, oil products, chemicals and raw materials.

The long-term area of cooperation may include timber, newsprint, coal etc. For meeting Indian industrial requirements. Exports from India of agro-based products and other commodities and manufacturers in leather, chemicals and engineering sectors are proposed to be stepped up on a long-term basis.

The Indo-Soviet trade turnover in 1987 is estimated at 44 billion rupees (3.39 billion U.S. dollars) against the trade plan target of 30 billion rupees. In 1988, it is expected to cross 50 billion rupees (3.85 billion U.S. dollars).

West Europe

Greece's President Sartzetakis Continues Visit

Talks With Zhao Ziyang

OW201558 Beijing XINHUA in English 1502 GMT
20 Apr 88

[Text] Beijing, April 20 (XINHUA)—"An easing of tension in the current international situation is worth welcoming," said Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee.

"This trend is partly due to the efforts of smaller countries which are striving for disarmament and trying to safeguard world peace," said Zhao, at today's meeting with Greek President Khristo A. Sartzetakis and his party.

"But," Zhao said, "a big gap still exists between the easing of tension and disarmament, and to achieve this end will require long-term hard work."

When mentioning Sino-Greek bilateral relations, Zhao said, China and Greece get along with each other because they have many common characteristics, share identical views on peace and development, and are both working hard to modernize.

Zhao briefed the Greek visitors on China's current situation, and explained the reform and open policy in force over the past nine years were summed up at last year's 13th National Party Congress and this year's first session of the Seventh National People's Congress.

At both meetings, plans for the future of the reform and open policy were discussed, Zhao said, and China plans to do even more in the future to develop the country's socialist market economy.

"Reform of the country's economic structure is the key to developing a socialist market economy," Zhao said, "while the focus of China's political reform is to build socialist democratic politics."

When commenting on China's development strategy for coastal areas Zhao said, "China's economic relations with foreign countries will be greatly strengthened through this plan."

"I hope more Greek entrepreneurs will come to our coastal areas to do business with us, so bilateral relations can reach a new height," Zhao said.

"Although Beijing's weather hasn't been good the past two days, the political climate is good," Zhao said, "and your China visit is indicative of a good political climate, which is favorable to bilateral relations."

Zhao praised President Sartzetakis for his efforts to promote bilateral relations, while Sartzetakis wished China great successes in the country's construction and realization of its grand goal.

Meets With Li Peng

OW201218 Beijing XINHUA in English 1148 GMT
20 Apr 88

[Text] Beijing, April 20 (XINHUA)—The first foreign ministers' meeting held recently by the Balkan countries is not only conducive to security and stability in the region, but also to peace in Europe and the world over, said Chinese Premier Li Peng today.

Li made these remarks this morning at a meeting with Greek President Khristo A. Sartzetakis in the Diaoyutai State Guest House. The issues of world peace and nuclear disarmament were also brought up at the meeting and both sides exchanged their detailed views.

Li Peng said the successful Balkan foreign ministers' meeting brought positive results in the fields of strengthening good neighborly relations and promoting bilateral and multilateral cooperation.

He said China greatly appreciates such results and the active efforts made by Greece to commence the meeting.

Speaking on the six nation (Greece, Argentina, India, Mexico, Sweden and Tanzania) disarmament proposal, Li Peng said that China was appreciative of their efforts and supported the proposal.

On Greek and Turkish relations, Li stressed that China has always advocated that relations between countries should be handled according to the five principles of peaceful coexistence. He said "both Greece and Turkey enjoy friendly relations with China. We are very much concerned about the problems existing between the two. China is aware of the two meetings held between the prime ministers of the two countries since the start of

this year. Those meetings have brought positive changes to the two countries' relations, and we are glad to see that. Talking is better than silence."

He said that China appreciated the efforts made by Greece and Turkey and hoped the two countries will further endeavor to settle problems reasonably through peaceful consultation.

Li and Sartzetakis both expressed satisfaction over the smooth development of bilateral relations between China and Greece.

Li said that Greece once boasted a galaxy of philosophers, scientists and men of letters. "I feel greatly honored to talk with the president of a nation with such a long-standing civilization," Li said.

Sartzetakis said that the Greek people have always been keenly interested in China. They not only have deep feelings for and interests in the long-standing civilization of China, but have been also following closely China's revolutionary progress over the past decade.

He said that the Greek people appreciate China's peaceful and independent policy. "We hold that peace and independence can not be segmented. Without peace, independence is hard to come by. Without independence, peace can not be gained." He noted that Greece also carries out a policy of peace and independence and sticks to the principle in all international relations.

President Sartzetakis laid a wreath at the foot of the monument of the People's Heroes this morning and later toured the forbidden city's Palace Museum.

Holds News Conference

NC202033 Athens Domestic Service in Greek
1830 GMT 20 Apr 88

[Text] During a news conference in Beijing, President Khristos Sartzetakis, who is on an official visit there, stated that economic reforms being advanced in the PRC open a broad field of action for an expansion of Greek-PRC bilateral relations. Our correspondent, Dhimitrios Khatzidimitriou, reports:

[Begin recording] The PRC leadership is demonstrating a great interest for realizing a further expansion of economic cooperation with Greece. President Sartzetakis underlined this, among other things, during a news conference he gave at the conclusion of his and his entourage's meetings with the highest-ranking members of the PRC leadership.

On the basis of the president's statements, and those made by the minister of national defense, a broad field of action is being opened up for Greek entrepreneurs. This most certainly will be aided by the PRC leaders' declared intent to speed up their reform process.

Sartzetakis emphasized that the PRC showed great interest in creating in that country either wholly Greek-owned enterprises or joint enterprises. Both sides, the Greek president added, stressed their political will to realize an expansion of economic cooperation.

In the meantime, while briefing Greek newsmen, National Economy Minister Panayiotis Roumeliotis noted that radical changes are taking place in the economy of the PRC. The PRC leaders, he added, have decided that a broad coastal area abutting on Hong Kong, and the home to approximately 500 million Chinese, will operate as an open economic zone. It has been decided that its economy will function under competitive international conditions. The prerequisite for the viable functioning of that zone is the establishment of the necessary infrastructure in all sectors. This will offer Greek entrepreneurs great opportunities.

Roumeliotis added that the PRC is now attempting to merge a commercial economy with socialist principles. The goal of this policy, he noted, is to achieve an increase in productivity. The PRC leadership is determined to quadruple the PRC gross national product by the year 2000.

Referring to bilateral economic relations, Roumeliotis noted that there has been a steady increase in the volume of trade during the past 6 years. The balance of trade has shown a surplus in favor of our country since 1984, even though there has been a drop during the past year as a result of current conditions.

During a meeting today, Roumeliotis and his PRC counterpart examined prospects for and sectors of bilateral cooperation in promoting cooperation with Greece in geology, antiseismic systems, energy, certain cultivations, and methods of transferring technology. [end recording]

Radio Beijing on Interview

*OW210156 Beijing in English to North America
0300 GMT 21 Apr 88*

[Text] The Greek President Christos Sartzetakis started an official visit to China on Tuesday. Before leaving Athens, he was interviewed by a Chinese journalist to talk about the great Greek-Sino relations and international issues. (Wei Liang) has the details.

Christos Sartzetakis used the word steady to describe Sino-Greek relations. The Greek president said that there are no political problems between Greece and China. He was very optimistic about his visit to Beijing. He was looking forward to exchanging views with Chinese political leaders on various international issues. Sartzetakis said: Sino-Greek relations have been fruitful over the past 60 years. The calculations are based on the principle of consolidating and promoting world peace,

on mutual respect and understanding, and on the common goal of achieving further economic and technological development. The president also said he believes there are possibilities for closer economic cooperation between Greece and China in many fields including industry, trade, tourism, shipping, and agriculture. He said he is interested in and appreciates the great reforms which China is carrying out. The Greek president pointed out that Greece is a Balkan country. Because of its geographical situation, it has always served as a bridge between the East and the West. He said, he hopes that it will continue to do so. As for the Balkan foreign ministers' meeting in Belgrade, Sartzetakis said that the meeting is giving a new impetus to Balkan cooperation that contributed to a clear improvement in the political climate in the region.

Turning to the prospects for international peace and disarmament, the president described the U.S.-Soviet treaty on scraping intermediate nuclear forces as a historical one. At the same time, he calls on the two superpowers to go further. He said he hopes a treaty for the 50-percent reduction of strategic nuclear forces will be signed during the forthcoming U.S.-Soviet summit in Moscow. Sartzetakis said he believes that the favorable international circumstances and the good climate in East-West relations will contribute to progress at the disarmament talks in Vienna.

Yang Shangkun Bids Farewell

*OW211122 Beijing XINHUA in English 1028 GMT
21 Apr 88*

[Text] Beijing, April 21 (XINHUA)—Greek President Khristo A. Sartzetakis and his wife left here for a tour of Xian this afternoon.

Prior to their departure Chinese President Yang Shangkun bid them farewell at the Diaoyutai State Guesthouse.

Yang described the Greek president's visit as "very successful".

The two sides exchanged views on international issues, Yang said, "We hold identical or similar views on many major issues and we share the common desire to further our cooperation."

Sartzetakis also expressed satisfaction with his current visit. Greece will make further efforts to expand its cooperation with China, he said.

The Greek president is accompanied on the tour by Wang Meng, chairman of the Chinese Government Reception Committee and minister of culture.

This morning the guests visited the Great Wall.

Greece Criticizes U.S. Gulf Action

OW210319 Beijing XINHUA in English 0848 GMT
19 Apr 88

[Text] Athens, April 19 (XINHUA)—The Greek Government has criticized the United States for its raids on Iranian oil platforms and other targets in the Gulf, saying such attacks would not help defusing tension in the region.

Greek Government spokesman Ioannis Roubatis said in a statement late last night that "the Greek Government, faithful to its principles of peaceful settlement of international differences, expresses its deep regret and concern over the American attacks on Iranian targets in the Gulf." The U.S. Navy on Monday reportedly destroyed two offshore Iranian oil platforms, sank a defending Iranian patrol boat and bombed an Iranian Navy frigates. U.S. officials claimed that the move was a retaliation against Iran's renewed mine-laying operations in the strategic waterway. "The U.S. attacks do not contribute to the de-escalation of tension prevailing in the region, but on the contrary could dangerously escalate the conflict between Iran and Iraq and threaten peace in the region at large," the Greek Government spokesman said.

Wang Bingqian Meets Finnish Visitors

OW211014 Beijing XINHUA in English 0944 GMT
21 Apr 88

[Text] Beijing, April 21 (XINHUA)—Wang Bingqian, Chinese state councillor and minister of finance, met here today Simo Vuorilehto, president of Nokia group of Finland, and his party.

Wang and the visitors exchanged views on furthering friendship, economic cooperation and trade between the two countries.

Vuorilehto and his party are here as guests of the China Association for International Friendly Contacts (CAIFC). Wang Shoudao, president of CAIFC, is scheduled to host a dinner for the Finnish visitors later today.

Britain Protests Iranian Tanker Attack in Gulf

OW200157 Beijing XINHUA in English 1640 GMT
19 Apr 88

[Text] London, April 19 (XINHUA)—The British Government lodged a protest to Iran Tuesday over the attack on a British-flagged tanker in the Gulf yesterday, a Foreign Office spokesman said.

Iran's top-ranking diplomat in London, Charge D'affaires Akhuzadeh Basti, was summoned to the Foreign Office this morning by Deputy Undersecretary Allen Munro.

"We called him to deliver a protest over the attack on the British tanker York Marine and Iranian minelaying in the gulf," the spokesman said.

Sources here revealed that the 60,814-ton York Marine, registered in Hong Kong, was attacked by an Iranian ship in the Gulf shortly before U.S. warships bombed two Iranian oil rigs.

Britain's Foreign Office Minister David Mellor yesterday rapped Iran's actions in the Gulf as "irresponsible and irrational."

The London-based insurance company Lloyds has said that York Marine had been used as a storage vessel since March 2 and was attacked near the Mubarak fields.

With oil leaking from a hole in her stern, the tanker was on fire and had to be abandoned, Lloyds said.

U.S. To Upgrade Facilities in Turkey

OW200130 Beijing XINHUA in English 0035 GMT
20 Apr 88

[Text] Ankara, April 19 (XINHUA)—American Assistant Secretary of Defence Ronald Lehman said today that the United States wants to "upgrade" its joint defence facilities in Turkey in every respect.

Speaking at a press conference here after his talks with Turkish officials, Lehman said that the American Government has so far supplied 40 extra fighter planes to Turkey and that more were "in the pipeline."

He said that under an amendment bill adopted, the U.S. Administration has been allowed to allocate more military material for the southern region of NATO if it was in "excess."

Because of the U.S. defense budget cuts, more material could be available for southern region countries, he said. "But we need time", he added.

Lehman said the 7/10 ratio in American aid to Greece and Turkey hampered the flexibility of the U.S. Administration.

Lehman paid a week-long visit to Turkey and left here today.

East Europe

Hu Qili Meets Yugoslav LCY Visitor

OW201314 Beijing XINHUA in English 1110 GMT
20 Apr 88

[Text] Beijing, April 20 (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met here today with Stanislav Stojanovic, executive secretary of the Presidium of the Central Committee of the League of Communists of Yugoslavia (LCY).

Hu spoke highly of the Yugoslav people's successes under the leadership of the LCY, Yugoslavia's abidance to the policy of nonalignment and contributions to world peace.

He expressed satisfaction with the existing friendship and cooperation between the CPC and the LCY. He said he hoped the relations of all-round cooperation between the two parties would further develop.

Hu described Yugoslavia as the vanguard of reform among socialist countries. "In its present reform, China has drawn on Yugoslavia's experience in many fields," he added. He also said he wished Yugoslavia success in improving and furthering its reform.

Stojanovic called the friendly relations between the LCY and the CPC "a model of inter-party relations". He expressed the hope that the two parties would continue to learn from each other and expand exchange and cooperation.

Assesses PRC-SFRY Relations

LD201744 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1531 GMT 10 Apr 88

[Text] Beijing, 20 Apr (TANJUG)—Hu Qili, member of the Standing Committee of the CPC Politburo, said today that Yugoslavia was the first socialist country to embark on reforms, adding that for its current reform China has in many spheres studied and used Yugoslav experiences.

In the course of talks with Dr Stanislav Stojanovic, executive secretary of the League of Communists of Yugoslavia (LCY) Central Committee Presidium, this high-ranking Chinese official wished Yugoslavia further success in improving and implementing its reforms. He assessed relations between the two parties and countries as very good. Stojanovic, who ends his official visit to China tomorrow, joined in the assessment, stressing that relations between the LCY and the CPC are "a model for interparty relations." At the same time he expressed hope that the two parties will continue to expand exchanges and cooperation.

Hu Qili expressed a high opinion of Yugoslavia's adherence to the policy of nonalignment and its contribution to world peace.

During Stojanovic's visit to Beijing a program for party cooperation for the next 2-years was established. The program envisages continued political dialogue and exchanges of views between the two parties' leading officials. It provides for a continuation of bilateral thematic discussions and exchanges of study delegations and speakers.

Polish Party Central Committee Delegation Visits LD210911 Warsaw PAP in English 0819 GMT 21 Apr 88

[Text] Beijing, April 21—A delegation of the Democratic Party (SD) CC, [Central Committee] led by its vice-chairman and Sejm deputy speaker Marek Wieczorek, came on an official visit to People's Republic of China at the invitation of the China Democratic League.

During its week-long visit to China, the SD delegation will have talks here, visit the Guangdong Province, the city of Canton and the Shanzen special zone of economic development, studying Chinese economic and political reforms. The delegation is also to meet the leadership of the all-Chinese National People's Congress.

Last year, a delegation of the China Democratic League visited Poland.

Latin America & Caribbean

Nicaraguan Cease-Fire Process Discussed HK121530 Beijing RENMIN RIBAO in Chinese 6 Apr 88 p 6

[Roundup by reporter Guo Weicheng (6753 0251 2052):
"Tortuous Cease-Fire Process"]

[Text] Mexico City, 4 Apr—A few days after the "60-day cease-fire" agreement in Nicaragua came into force, conflicts between the government Army and the antigovernment forces again occurred. Today, the Nicaraguan Government issued a statement accusing the antigovernment forces of destroying a Sandinista People's Army armored vehicle that was performing normal patrol duties and with killing two soldiers of the People's Army. In addition, the second round of senior-level talks, which was scheduled to be held on 6 April in Managua, has been postponed to 12 April. Although the government opposed postponing the meeting and regarded the postponement as "inopportune," people still expect that the government will have no choice but to accept the postponement. This is not only a concession but is also the only option.

In recent months, a favorable tendency appeared in the Nicaraguan peace progress. From 21 to 23 March, the Nicaraguan Government and the antigovernment forces held negotiations in Sapoia and reached a cease-fire agreement. The negotiations marked the first round of senior-level negotiations between the two sides without the involvement of a third party as a mediator, as well as the first round of talks the two sides have held at home during the civil war in the past 8 years. The results of the negotiations went beyond everyone's expectations. After these talks, the two sides continued to hold a number of expert meetings to divide the country into five cease-fire zones. They also decided to hold a second round of senior-level negotiations in Managua to further discuss a complete cease-fire.

The negotiations in Sapoá could make progress for many reasons, but this was something that would inevitably occur. The Nicaraguan Government had to implement the Central American Peace Agreement. The two sides have both suffered heavy losses during the civil war and finally realized that neither was capable of winning a complete military victory. On the eve of the negotiations, the government army launched attacks against the contras, but only in an attempt to increase its bargaining power at the negotiating table and to flex its muscle before the domestic opposition. On the other hand, the refusal of the U.S. Congress to offer new military assistance, to a certain degree, also prompted the contras to accept the negotiations, which finally led to the conclusion of the 60-day temporary cease-fire. However, it is obvious that neither of the two sides expected that a cease-fire would be realized so quickly, and they were not prepared for the beginning of limited political reform at home. So it was unavoidable that the cease-fire would be broken, the second round of negotiations would be postponed, and more conflicts would occur.

Another important factor that influenced the process was that the U.S. Congress last week again approved President Reagan's plan to offer \$48 million in "humanitarian assistance" to the contras, and this made some of the contras again cherish certain illusions. So they tried to strengthen their bargaining position and upped the ante. When openly announcing the postponement of the negotiations, Carelo, a contra leader, used a simple reason: The contras had not made good preparations. Carelo said that the government was trying to exert more pressure on the contras and to breakup the opposition front. Obviously, the antigovernment armed forces needed more time for coordination among the various factions and to coordinate the contras's position with that of the United States.

Anyhow, the negotiations will continue and the cease-fire will be maintained. The deadlock has been broken, and if any side tries to regress, it will become unpopular with the Nicaraguan people and world public opinion and will certainly fail. Public opinion here always pays attention to the Nicaraguan situation, demands that external forces stop interfering in the affairs of that country, and calls for not turning Central America into another Middle East.

NPC Delegation Attends Guatemala Congress

Meets With Congress Leader

OW140950 Beijing XINHUA in English 0703 GMT
14 Apr 88

[Text] Guatemala City, April 13 (XINHUA)—The president of the Congress of Guatemala, Deputy Alfonso Alonso Barillas, met here this morning with the delegation from the National People's Congress of the People's Republic of China at the El Dorado Hotel, the site of the 79th conference of the Inter-Parliamentary Union.

The Chinese delegation is headed by Huan Xiang, who is a member of the Standing Committee of the National People's Congress.

In a friendly atmosphere, Alonso Barillas met with Huan and the other members of the Chinese delegation. The two sides said they want bilateral relations to increase in the areas of politics, economy and culture.

Also present were Guatemalan Deputies Marco Antonio Dardon Castillo and Hector Mayora Dawe, the president and vice president of the Foreign Relations Commission of the Guatemalan Congress.

During the meeting, Huan extended invitations to Alonso Barillas and Dardon Castillo in the name of the president of the National People's Congress, Wan Li, and in the name of the Congress's Foreign Relations Committee.

Received by Guatemalan Vice President

OW160324 Beijing XINHUA in English 0245 GMT
16 Apr 88

[Text] Guatemala City, April 15 (XINHUA)—Guatemalan Vice President Roberto Carpio Nicolle Thursday met here with Huan Xiang, head of the China's National People's Congress delegation.

The vice president said that the participation of the Chinese delegation in the 79th Interparliamentary Union, being held here, was "very important." He also expressed his admiration for the efforts of the Chinese people to build a new society.

He said he hopes that both countries would sustain and develop their existing commercial ties.

Huan said, "The Government and the people of China support the Government and the people of Guatemala in their efforts for peace in Central America."

NPC Official Speaks

OW160634 Beijing XINHUA in English 0615 GMT
16 Apr 88

[Text] Guatemala City, April 15 (XINHUA)—The main trend of the present-day world is that of striving for peace and development, which accords with the fundamental interests and desire of the people of the world.

The comments were made here today by Huan Xiang, head of the delegation of the National People's Congress of China to the 79th Conference of the Interparliamentary Union.

Huan said that although the United States and the Soviet Union signed the INF Treaty last December, this treaty only covers 3 or 4 percent of the nuclear arsenals of the 2 superpowers, and that the nuclear weapons they retain can still destroy the world several times over.

Therefore, he said, seeking further disarmament and maintaining world peace remain the most important task for all peace-loving people.

Huan continued that "We maintain that there should be a fair and reasonable settlement to all hot-spot problems in accordance with the purposes and principles of the UN Charter and the relevant UN resolutions.

"We stand for the establishment of norms governing international relations based on the Five Principles of Peaceful Coexistence in order to ensure lasting world peace," he said.

Referring to the development problem, Huan said that "only by carrying out close cooperation on the basis of equality, can the North and South find effective solutions to their respective economic problems."

Huan said that the North should proceed from the overall interests of developing the global economy, try to alleviate or even eliminate the debt burdens of the South, increase aid to countries of the South, and help them develop their economies and expand their exports.

The conference ends on April 16.

Meets With Brazilian Visitors

*OW161659 Beijing XINHUA in English 1514 GMT
16 Apr 88*

[Text] Beijing, April 16 (XINHUA)—Lei Jieqiong, vice chairman of the Standing Committee of the National People's Congress and vice president of the All-China Women's Federation, met and feted here today a Brazilian women's delegation.

Headed by Ana Helena Rangel, special assistant to the Commission Executive of the Cacao Labor of Brazil, the delegation is here at the invitation of the All-China Women's Federation.

Hu Qili Meets Delegation From Argentina

*OW151925 Beijing XINHUA in English 1459 GMT
15 Apr 88*

[Text] Beijing, April 15 (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met a delegation from the Argentine Radical Civil Union and discussed the development of friendly cooperation between the two parties and countries today.

Since 1984, the Chinese Communist Party has been in contact with the Radical Civil Union, Argentina's ruling party.

"Contact between the two parties has increased," Hu said, "and both parties share identical views on many issues, while cooperation between the two parties has a sound base."

Peace, development and progress are a common goal of developing countries, Luis Alberto Caceres, the Argentine delegation's head and general secretary of the Radical Civil Union's National Committee said.

After the meeting, Hu hosted a banquet for the guests.

Earlier today, Zhu Liang, head of the International Liaison Department of the CPC Central Committee, discussed bilateral relations and issues of common concern with the delegation.

Procurator-General's Report to NPC Session
HK210650 Beijing RENMIN RIBAO in Chinese
18 Apr 88 p 3

["Report on the Work of the Supreme People's Procuratorate—delivered by Yang Yichen (2799 2496 6591), procurator-general of the Supreme People's Procuratorate, at the First Session of the Seventh NPC on 1 April 1988"]

[Text] Fellow Deputies:

I now submit my report on the procuratorial work over the past 5 years to this session for consideration and examination.

1. Since the First Session of the Sixth NPC, China has made great achievements in reform and construction, and socialist democracy and legal system have been constantly developed and improved. Over the past 5 years, the Supreme People's Procuratorate and the local people's procuratorates and special procuratorates at all levels have adhered to the four cardinal principles, strictly enforced laws and implemented policies, and conscientiously performed their duties as legal supervisory organs. They have carried out all kinds of procuratorial work in a positive manner and dealt heavy blows at economic crimes and other criminal activities. They have thus protected the legitimate rights of our citizens and played a positive role in promoting the smooth progress of socialist economic construction and reform.

1. Dealing heavy blows at serious criminal activities and facilitating a turn for the better in public order. Since the First Session of the Sixth NPC, in accordance with the instructions of the CPC Central Committee and the resolutions of the NPC Standing Committee, the procuratorates at all levels have given priority to the work of dealing heavy blows at serious criminal offenses. In close coordination with the public security organs, the people's courts, and other departments concerned, they have dealt heavy and prompt blows at a large number of criminals who committed offenses such as murder, rape, robbery, setting off explosions, and theft, which seriously jeopardized social security and endangered lives and public property. In 1987, to solve the most serious problems in social security and to consolidate and develop the achievements of the struggle of "dealing heavy blows at serious crimes," the procuratorial organs at all levels concentrated their strength on fighting against certain serious crimes and improving regional security. Over the past 5 years, the procuratorial organs have approved the arrest of more than 2.21 million criminals involved in various cases and prosecuted more than 2.16 million cases according to law. They have thus dealt violent blows at all kinds of criminal activities and made great efforts to improve public order.

2. Severely punishing serious economic criminal activities and protecting the smooth progress of reform and opening up. Since the First Session of the Sixth NPC, the

procuratorial organs have attached great importance to cracking down on economic crimes. Since the second half of 1985 in particular, this work has been taken as our main task, and the economic procuratorial work has been further strengthened. The procuratorial organs at all levels have made a timely rearrangement of their work and adopted some effective measures, such as firmly grasping major and important cases and "having the work grasped systematically and grasping the work of systems [xi tong zhua, zhua xi tong]," to puncture the arrogance of economic criminals. In 1987, in view of the fact that criminal activities, such as tax evasion, imitating brand-name products, and producing and selling inferior products and imitations, were running wild at one time, the Supreme People's Procuratorate held a timely telephone conference to make new arrangements. After that, the procuratorial organs at various levels took strong measures to strike blows at certain special crimes. The work of checking and punishing economic crimes further developed in depth. In the past 5 years, the procuratorial organs have placed on file for investigation and prosecution more than 155,000 cases concerning corruption, bribery, tax evasion and resistance, and imitation of brand-name products, and have recovered stolen property and money totaling more than 1.63 billion yuan. Of these cases, there are 30,651 big cases involving bribery and graft of more than 10,000 yuan and 4,200 exceptionally big cases involving graft of over 30,000 yuan, bribery of over 20,000 yuan, smuggling over 100,000 yuan, swindling of over 100,000 yuan, speculation and profiteering of over 300,000 yuan, and illegal personal gains of over 100,000 yuan. For example, in one case, Lin Xu, former employee of the Haifeng Trading Company in Fujian Province, dishonestly obtained sums of \$170,000 and 3.07 million yuan; in another case, Jiang Zhengguo, former chief of the finance section of a chemical fertilizer factory in Wujin County, Jiangsu Province, obtained 1.29 million yuan through graft; in a third case, Qiu Guojie, former deputy section chief of a woolen mill in Nanhai County, Guangdong Province, took bribes totaling 200,000 yuan and obtained 80,000 yuan through graft; in a fourth case, Du Guozhen, deputy director of the Yufeng Industrial Company in Fujian Province, was involved in speculation and profiteering of more than 190 million yuan. Over the past 5 years, the procuratorial organs in various areas have also gotten rid of all kinds of obstruction and interference and handled a number of cases concerning leading cadres who have committed crimes, including more than 1,500 cadres above county and regiment levels. For example, Lin Taosen, former director of the organizational department of the Hainan Administrative Region CPC Committee; Yang Xianting, former general manager of Dongfang Guesthouse in Guangzhou; Yu Tiemin, former deputy director of the general office of the Shanghai Municipal CPC Committee; Jin Hui, former deputy director of the general office of the Hubei Provincial CPC Committee; Zhao Lizhi, former chief of staff of Heilongjiang provincial military district, and Hong Qingyuan, former secretary-general and member of the Standing Committee of the Anhui Provincial CPC

Committee, have all been punished according to law for graft or taking bribes. Through handling such cases, the socialist economic order has been maintained and the smooth progress of reform and opening up has been facilitated.

3. Investigating and handling according to law criminal cases that infringed upon the democratic rights of citizens and those of dereliction of duty, protecting socialist democracy and the socialist legal system. Since the First Session of the Sixth NPC, the procuratorial organs at all levels have paid attention to the struggle against illegal activities and criminal offenses of state functionaries. Over the past 2 years or so, there have been serious phenomena such as illegal custody and searches and dereliction of duty among a small number of government work personnel in some places, and serious accidents due to negligence have often taken place, having serious consequences in the political and economic fields. In view of this situation, the procuratorial organs have made further efforts to strengthen procuratorial work in respect of law and discipline. They have adhered to the principle of all men being equal before the law and have investigated and handled according to law a number of cases that have incurred great popular indignation and have had serious consequences and a bad influence. Over the past 5 years, the procuratorial organs have investigated and handled more than 35,000 criminal cases of infringing upon the democratic rights and personal rights of citizens and of dereliction of duty and major accidents due to negligence, and have prosecuted more than 21,700 of them. Of these cases, there were 840 exceptionally big cases of dereliction of duty and serious accidents, each causing an economic loss of more than 500,000 yuan and the deaths of more than 10 people. For example, under the coercion and commandism of Zhu Binlun, former deputy head of the Metallurgical Department of Anhui Province, and Wang Yusheng, former director of the Huangmeishan iron mine of Maanshan city, the workers had to operate against mining regulations and at the risk of their lives. As a result, a serious accident occurred due to the collapse of the pit, in which 19 workers died and 11 were seriously injured, causing a direct economic loss of more than 3 million yuan. For another example, in an accident in mountain torrents, the rescue work was delayed due to the neglect of duty of Tian Gencheng, former director of the hydropower bureau of Shizuishan city, Ningxia Hui Autonomous Region, resulting in the death of 26 people and an economic loss of more than 10 million yuan. For a third example, some 113 tourists died in an accident when an overloaded boat sank, a result of neglect of duty by Wang Chunsheng, former director of the water and electricity management office of the Qingtianhe reservoir in Boai County, Henan Province. In a fourth example, due to the dereliction of duty of Gao Baoxing, former magistrate, and Li Yongqing, former deputy secretary of the CPC Committee of Mohe County, Heilongjiang Province, the fire in the Daxinganling forest area was not put out as promptly as it should have been, which caused a serious economic loss to the state. Over the past 5 years, the

procuratorial organs have enforced the laws impartially and are fearless in cracking tough cases. They have handled criminal cases involving 309 cadres above the county and regiment levels. Here are some examples: They have handled a case of illegal custody, involving Cao Chongxun, former deputy magistrate and concurrently director of the public security bureau of Daguan County, Yunnan Province; a case of disclosing important state secrets, committed by Ding Yongan, former vice mayor of Nanjing City; and a case of fraudulent practices committed by Ni Xiance, former governor of Jiangxi Province. Through handling such cases, the procuratorial organs have dealt heavy blows at criminal offenders, strengthened the legal concept of cadres, protected socialist democracy and legal system, and ensured the normal operation and progress in the work of government organs and enterprises and institutions.

4. Conscientiously dealing with the charges and appeals lodged by citizens, protecting their legitimate rights and interests. Since the First Session of the Sixth NPC, the procuratorates at all levels have regarded handling matters concerning the citizens' charges and appeals as an important task for perfecting socialist democracy. With a high sense of responsibility toward the people they have warmly received the visiting masses and conscientiously handled their letters so that they can keep a close watch on criminals and lose no time in investigating and handling criminal cases and in protecting the innocent and redressing wrong cases. In some places, they have also launched a mass activity to expose and inform against criminal offenders. Over the past 5 years, the procuratorial organs have handled a total of more than 4,970,000 letters of accusation from the masses, provided relevant departments with more than 1,490,000 clues for solving all kinds of criminal cases, investigated and handled more than 480,000 cases according to the charges and appeals lodged by the masses, and corrected more than 31,000 unjust, false, and wrong cases mishandled since the founding of the state. For example, in 1958, Wen Bingheng, an outstanding model worker in Gansu Province, was convicted of lodging a false accusation against others and sentenced to death since he had reported to the authorities the problems of Tang Fengyi (deceased), then secretary of the county party committee, who had violated the law and discipline. Though Wen's relatives had repeatedly appealed to the higher authorities, this unjust case was not corrected for a long time due to the "leftist" influence. Last year, after the Supreme People's Procuratorate received the appeal, a conscientious investigation was carried out with the cooperation of other departments concerned. The truth finally came to light, and the case was brought to trial again. Thus, this long-standing wrong, which had not been corrected for 30 years, was corrected.

5. Taking positive measures to enforce supervision over investigation, trial, and reform through labor under surveillance, ensuring the correct enforcement of laws. Over the past 5 years, the procuratorial organs have correctly performed their function of legal supervision.

While dealing heavy blows at criminal offenders according to law, they have also paid attention to protecting the innocent. In the supervision over investigation, they have strictly examined the cases submitted by the public security organs on arresting and prosecuting criminals. Apart from approving the arrest and prosecution against a large number of criminals, they have also refused to grant arrest warrants for more than 230,000 people, rejected prosecution against more than 26,000 people, and arrested and prosecuted more than 70,000 criminals who escaped justice after wrong court decisions. In supervising trials, they have protested against court decisions in more than 10,000 cases. In the supervision over reform through labor under surveillance, they have investigated and handled more than 64,000 cases of offenses committed by those who were receiving reform-through-labor and education-through-labor and more than 1,000 cases of offenses by policemen. At the same time, they have also offered opinions for correcting unlawful practices in carrying out investigation, trial, and reform under surveillance. Through these supervisory activities they have ensured the correct enforcement of the criminal law and the criminal procedural law.

6. Making more detailed explanations on laws so that their correct enforcement can be ensured. Over the past 5 years, many new situations and new problems have appeared in the course of reform and opening up. In view of this, the Supreme People's Procuratorate has strengthened investigation and study and made timely analyses of the new characteristics of criminal offenses in the economic field and other fields. According to the provisions of laws, they have worked out some documents to explain various laws. For example, in 1986, a document entitled "Explanations on Certain Questions about the Application of Laws in Handling Concrete Economic Criminal Cases at Present" was jointly worked out by the Supreme People's Procuratorate and the Supreme People's Court, providing some concrete stipulations for handling cases of graft, misappropriation of public funds, taking and offering bribes, speculation and profiteering, and swindling. It played an important role in correctly applying the laws, strictly distinguishing between the criminal and innocent, dealing timely blows at economic crimes and other criminal offenses, and protecting innocent citizens.

7. Taking an active part in improving public order in a comprehensive way so that crimes can be reduced and prevented. Over the past 5 years, while carrying out legal supervision in various fields and handling cases, the procuratorial organs at all levels have also endeavored to improve public order in a comprehensive way. In light of the problems existing in the work and systems of some units, they put forth some timely "procuratorial suggestions" to help them stop up loopholes, establish and improve regulations and systems, improve management and operation, and promote production. Last year, according to the statistics of the procuratorates of 12 provinces, autonomous regions, and municipalities, more than 300 enterprises, which had been on the brink

of bankruptcy, were extricated from that difficult situation with the help of the procuratorial organs through handling relevant cases, and more than 1,400 enterprises were thus able to make up deficits and increase surpluses. In the places for reform-through-labor and education-through-labor, the people's procuratorates helped relevant units strengthen and implement the surveillance measures and carry out civilized management so as to facilitate the reform and education of criminals. Following their advice, some units have conscientiously implemented the measures for educating the offenders who were exempted from being prosecuted, letting some of them visit their original units. As a result, most of those offenders have corrected their mistakes and made a fresh start. To enhance the sense of law of cadres and the masses, the people's procuratorates have also visited enterprises, organs, schools, and the countryside and adopted a variety of measures to publicize laws and provide legal consultation services. In their procuratorial activities, the procuratorates have paid attention to appropriately mediating quarrels and disputes among the masses, preventing their contradictions from being intensified and the occurrence of vile cases. Some procuratorates have also assisted relevant departments in implementing all kinds of security contract responsibility systems, which are suited to the economic contract responsibility system. Notable social results have been achieved in preventing and reducing criminal offenses through mass activities.

The past 5 years since the First Session of the Sixth NPC has been a period in which the procuratorial organs have adhered to the orientation of serving economic construction and reform and made advances through blazing new trails. In this period, despite their heavy tasks and extremely difficult working conditions, the cadres and policemen of the procuratorates, who have maintained a good mental attitude and are devoted to their duties, have adhered to the correct political orientation and worked very hard to contribute to China's legal construction by impartially enforcing the law.

The achievements of the past 5 years are a result of the correct leadership of the CPC, a result of the supervision and support of the state power organs, and a result of resolutely implementing the party's line, principles, and policies mapped out since the 3d Plenary Session of the 11th CPC Central Committee and carrying out legal supervision. Practice shows that the procuratorial system is an indispensable and important part of China's political system, and the procuratorial organs form an indispensable and important force in maintaining socialist democracy and legal system and in defending socialist economic construction.

We have achieved great successes, but there are still many problems and difficulties. The main problem is: Being legal supervisory organs of the state, the procuratorates still have not made sufficient efforts to carry out legal supervision according to law. In the past 5 years, we have concentrated on dealing blows at criminal offenses

and have also paid attention to carrying out legal supervision through handling cases. This was determined by the concrete situation at that time and was correct. However, the function of legal supervision has still not been fully exploited. The main reasons are: 1) We still do not have a sufficient understanding of the importance and significance of legal supervision; 2) our leadership work still cannot keep up with the development of the situation and we have not made sufficient efforts to study the new situation and new problems and have not put forth sufficient methods for the solution of problems; 3) the procedures and measures of legal supervision are still imperfect and legal supervision is not as effective as it should be; 4) we do not have sufficient cadres in this respect and the cadres are not as qualified as they should be; 5) due to the backward technology and equipment and the shortage in funds for handling cases, we do not have a powerful material guarantee for legal supervision. In the future, we must take legal supervision as the key line of the activities of procuratorial organs, have various procuratorial activities centered on legal supervision, and make legal supervision run through the whole course of handling cases. We must not isolate legal supervision from dealing blows at criminal offenses and handling cases but must link it to the latter and carry out legal supervision through legal procedures and measures. At the same time, it is necessary to continuously try to improve the quality of cadres and improve conditions for enforcing the law so that we can conscientiously and fully perform our duties as entrusted by law.

II. Reviewing our procuratorial work over the past 5 years, we have attained quite a few good experiences. The main experience is that we have adhered to the four cardinal principles and the general policy of reform and opening up, handled matters in strict accordance with law, correctly performed our duties in legal supervision, and served socialist economic construction. To put it more concretely, our main experiences can be summed up as follows:

1. We have adhered to the leadership of the party, accepted the supervision by the people's congress, and independently exercised the procuratorial power according to law. The basic point of adhering to party leadership and accepting the supervision by the people's congress is to correctly implement the party's policies and strictly enforce the law. Over the past 5 years, the procuratorial organs at all levels have placed their work under the leadership of the party, correctly implemented the party's line, policies, and principles, conscientiously accepted the supervision of the state power organs, and reported their work to the people's congresses at various levels and their standing committees of their own accord. The party committees and the people's congresses and their standing committees at various levels have showed great concern for and attached great importance to procuratorial work. The people's congress standing committees in many places have also sent deputies to the procuratorates to inspect work and listen to reports. Some have even decided to help the procuratorial organs

get rid of obstructions and interference and to assist them in handling cases according to law. At the same time, they have also offered criticisms and opinions on certain problems existing in procuratorial work and helped the procuratorial organs correct wrong cases. Practice shows that only by relying on party leadership and accepting the supervision by the people's congress can the procuratorial organs carry out effective struggles against illegal activities and criminal offenses and can they independently exercise the procuratorial power according to law.

2. We have proceeded from defending economic construction, reform, and opening up when deciding on the main tasks of procuratorial work. In August 1983, when certain abnormal phenomena appeared in public order, the CPC Central Committee and the NPC decided to carry out a nationwide struggle against serious criminal offenses. At that time, we adopted a policy of "marching in step" with the central authorities and spared no effort to carry out this struggle. In the second half of 1985, in view of the fact that criminal offenses in the economic field were running wild in the period from the second half of 1984 to the first half of 1985, we put forth a major task of cracking down on economic crimes while continuing to strike blows at criminal offenses. We made a timely rearrangement of our work and concentrated our strength on puncturing the arrogance of the economic criminal offenders. Practice proves that only when the procuratorial organs take protecting the smooth progress of economic construction, reform, and opening up as their objective and conscientiously carry out all kinds of procuratorial activities can they give play to their roles in the political and economic life of the state.

3. We have handled matters strictly according to law and correctly carried out legal supervision. Over the past 5 years, the procuratorial organs have performed the duties entrusted by law, conscientiously implemented the ideological line of seeking truth from facts, and adhered to the principle of strictly observing and enforcing the laws and investigating and dealing with law breakers whenever laws are violated. They have carried out struggles against illegal activities and criminal offenses as well as illegal interference in handling matters according to law. In the struggle against criminal offenses, we have carried out procuratorial activities according to law and in light of the reality, made a strict distinction between criminal and innocent, and correctly enforced the laws. Serious offenders have been severely punished, while some other cases have been treated with leniency. When handling various cases, we have continued to divide up the work among the public security organs, the procuratorial organs, and the people's courts, with due responsibility to each, so that the three organs can coordinate with and condition one another. The method of "jointly handling cases" is not adopted so that the mixture and mutual replacement of the functions of various organs can be avoided. All illegal practices in investigation, trial, and reform of criminals under surveillance have been corrected according to law. All this

shows that only by conducting supervision strictly according to law can we ensure the correct enforcement of laws.

4. We have continued to combine procuratorial work with the mass line, having our procuratorial activities based on the principle of relying on the masses. In procuratorial activities, we have adhered to the principle of relying on the masses in investigating cases, collecting evidence, exposing and cracking down on criminal offenses, and educating and remoulding criminal offenders. We have also relied on the masses in taking comprehensive measures to improve public order and prevent crimes with the coordination of other units. We have listened attentively to the appeals of the masses, adopted an earnest attitude toward their criticisms and opinions, accepted the supervision of the people and the media, and corrected the mistakes and shortcomings in our work as quickly as possible. Practice proves that only when we have faith in the masses and give play to their wisdom and strength and only when we closely combine the procuratorial work with the mass line can we carry out struggles against criminal offenses and protect the interests of the state and the people more effectively.

5. We have built up a contingent of procuratorial cadres who are devoted to their duties and are handling matters impartially. This is an organizational guarantee for correctly performing the function of legal supervision. Over the past 5 years, the procuratorial organs at all levels have attached great importance to the building of a contingent of procuratorial cadres. They have adopted a series of measures to improve the political and professional quality of both procuratorial cadres and policemen. In organizational matters, they have always paid attention to grasping well the building of the leading bodies and have promoted some outstanding young and middle-aged cadres to the leading posts. Politically, they have educated both cadres and policemen to adhere to the four cardinal principles, to conscientiously implement the party's line and the state laws, and to conscientiously serve reform and opening up. Ideologically, they have strengthened the education in "four hases" [referring to having high ideals, moral integrity, a good general education, and a sense of discipline] and encouraged the cadres and policemen to foster the good professional moral integrity characterized by being honest and upright, never stooping to flattery, and enforcing the laws impartially. They have also carried out the activity of "vying with one another to make outstanding achievements" and have commended a number of procurators who have enforced the laws impartially. At the same time, a small number of cadres and policemen who have failed to withstand the tests and who have violated law and discipline and bent the law for their personal benefit have been seriously dealt with. In professional work, they have trained a number of cadres step by step and in a planned way and made efforts to improve the professional ability of cadres and policemen and increase their level in enforcing the laws. Practice shows that only by building up a contingent of procuratorial cadres who are

perfectly skilled in the political and ideological fields and in work style, can the procuratorial organs shoulder the tasks entrusted to them by the party and the state.

III. At the 13th CPC National Congress, our party worked out a basic line for the initial stage of socialism and set a strategic target for China's economic development. In February this year, in accordance with the spirit of this congress, we held the Eighth National Conference on Procuratorial Work. At this conference, we summed up our experiences since the procuratorial organs were reestablished, discussed future tasks for procuratorial organs, and studied reform of the procuratorial structure, so that the function of legal supervision of the procuratorial organs can be strengthened and their roles in the state's political and economic life can be brought into fuller play.

At this conference, on the basis of summing up experiences, we set forth a basic task for the procuratorial organs for some time to come, that is, to adhere to the party's basic line for the initial stage of socialism and the policy of "grasping construction and reform with one hand and grasping legal system with the other"; take protecting and promoting economic construction, reform, and opening up as the center and reform of the procuratorial structure as the motive force; and carry out various procuratorial businesses in an all-around way and around the key line of legal supervision, so as to persistently and unrelentingly strike blows at criminal offenses and economic crimes, effectively protect the legitimate rights and interests of the citizens, ensure the correct enforcement of laws, better serve reform and opening up, promote socialist democracy and construction of the legal system, and facilitate the development of social productive forces.

Striking heavy blows at criminal offenses and economic crimes according to law is an important and long-term task for the procuratorial organs. It is an important way to carry out legal supervision and also a concrete task in serving reform and opening up. In the initial stage of socialism, there are many factors of instability. Class struggle will continue to exist in certain spheres for a long time, and the hostile elements will try to undermine our socialist cause; with the rapid development of the commodity economy and the free movement of human, financial, and material resources, the traditional way of life and sense of values will inevitably be changed and the development of productive forces will certainly be greatly promoted, but it is unavoidable that some negative influences will also be brought into being, which will possibly result in more crimes; and in the course of reform and opening up, as a result of the new replacing the old, some new loopholes may appear, which may also be used by some lawless persons. Economic crimes and other criminal offenses will continue to exist for a long time, and there will also be some new changes in the forms and methods of criminal offenses. If we do not deal forceful and timely blows at such serious criminal activities, we will be unable to ensure the smooth

progress of reform and opening up, and it will also be difficult for us to bring about a good party and government work style and a good social atmosphere. Therefore, under no circumstances can the people's democratic dictatorship be weakened and can we slacken our efforts in the struggle against criminal offenses and economic crimes. The procuratorial organs must pay close attention to the new situation and new characteristics of the criminal activities, establish an idea of long-term struggle, and continue to implement the policy of giving severe and relentless punishments to serious economic crimes according to law and giving severe and prompt punishments to serious criminal offenses. They must carry out the struggle against the "two criminal offenses" in depth.

Reform of the procuratorial structure is a part of reform of the political structure. China's current procuratorial structure has some distinctive Chinese characteristics and is basically good. However, some defects of the political structure of the state also exist in the procuratorial structure in varying degrees. The procuratorial system is still imperfect, which affects the performance of the legal supervisory function of the procuratorate. At present, under the situation of developing the socialist commodity economy and promoting socialist democracy, it is required that the supervision and condition mechanisms, including the mechanism of legal supervision, should be further improved and perfected. Therefore, it is necessary to carry out reform of the procuratorial structure so that the functions and roles of the people's procuratorates can be brought into full play.

According to the general target and demand of reform of the political structure, the target of reform of the procuratorial structure is to establish a highly effective procuratorial system with distinctive Chinese characteristics and perfect function of legal supervision that is well coordinated with the construction of the socialist legal system as a whole, so that the roles of the procuratorial organs can be brought into full play in the efforts to perfect socialist democratic politics and the socialist legal system and so that the procuratorial organs can serve the construction of socialist material and spiritual civilizations better. In the near future, the main tasks are: To improve both internal and external relationships and the relationship between higher and lower levels in accordance with the principle of separating party from government, to define the duties, responsibilities, and power of the procuratorial organs at various levels, and to perfect work systems, invigorate organs, and increase work efficiency.

Reform of the procuratorial structure is fundamentally aimed at strengthening the function of legal supervision and ensuring the exercise of procuratorial power independently and according to law. The main suggestions offered at this session on reform of the procuratorial structure are as follows:

1. To strengthen the functions and perfect the procedure of legal supervision. The law on the organization of the procuratorates promulgated in 1979 stipulates that the main function of the procuratorial organs is to exercise supervision over the enforcement of the criminal law. Undoubtedly, this is correct. With the continuous perfection of socialist democracy and legal system, the procuratorial organs must further perform their duty of legal supervision and make continuous efforts to improve their measures for exercising supervision over the enforcement of the criminal law. According to the stipulations of relevant laws, they must also help deal with civil and administrative lawsuits and work out concrete procedures for supervision over the trial of civil and administrative cases, so that the state laws can be enforced in a unified manner.

2. To perfect the leadership structure of the procuratorial departments and strengthen the leadership of the higher-level procuratorial organs over the lower-level organs. Both the Constitution and the law on the organization of the procuratorates stipulate that the procuratorates at higher levels direct the work of those at lower levels. However, since there are no concrete procedures and systems for it, the leadership relations between the higher-level and lower-level procuratorial organs are still not fully reflected. After separating party from government, it is necessary to work out concrete regulations on the leadership of the higher-level procuratorates over the lower-level organs. At the same time, it is also necessary to clearly define the functions, duties, and power of the procuratorial organs at various levels so that more power can be transferred to the lower levels while strengthening the leadership of the higher-level organs and the initiative and enthusiasm of the lower-level organs can be further mobilized.

3. To reform the personnel system and establish a procuratorial cadres' management system. The purpose of reform of the personnel management system of procuratorial cadres is to mobilize the initiative of the procuratorial cadres, enhance their vigor, and increase their work efficiency. The main problems at present are that personnel management is out of line with the management of concrete affairs, the method of management is outdated, and the management system is imperfect. In future, it is necessary to establish a scientific management system for cadres, which conforms to the characteristics of the procuratorial organs, in accordance with the principle of carrying out classified management according to law and combining personnel management with the management of concrete affairs. It is also necessary to enact a "law on the procurators of the state," similar to the management system of the public servants, so as to provide a lawful guarantee for the procurators in performing their duties according to law.

4. To improve conditions for enforcing the laws and provide funds and a material guarantee for exercising legal supervision. The nature of the work of the procuratorial organs decides that apart from the ordinary

funds for administration, they also need a considerable sum of money to be used for handling cases, improving technology and equipment, and training cadres. Since this problem has remained unsolved for a long time in many places, the work of some local procuratorates there has been seriously affected. It is suggested that some corresponding regulations will be worked out, in accordance with the state's financial structure, on the expenditure and management of funds of the procuratorial organs, and that the procuratorial organs should be separately listed for planning and should adopt the budget and final accounts system. The funds for their general administration should be allotted by the financial department at the same level, and the funds for procuratorial businesses would better be allotted by the financial departments of various provinces, autonomous regions, and municipalities. In some areas with particularly great difficulties, in order to ensure that the procuratorial organs there can carry out their work successfully, the central financial authorities may consider providing subsidies, which will be allotted to them by the Supreme People's Procuratorate in light of their real situation.

5. To increase the number of agencies and strengthen the work at the grass-roots level. It is stipulated by law that the grass-roots unit of the procuratorial organ is the procuratorate at the county level. With the deepening of reform and opening up, the work in townships and towns and the production of enterprises have been greatly developed. Many procuratorial organs have set up their agencies in major townships and towns and large factories and mines on a trial basis, and very good results have been achieved. Their experiences show that it is necessary to set up agencies of the procuratorial organs in some major townships and towns. It is conducive to promoting procuratorial work there.

Some of these suggestions will be submitted to relevant departments for consultation and study, and some will be submitted to the NPC for legislation. Thus, in accordance with the unified arrangement of the CPC Central Committee, we will carry out the reform actively, steadily, step by step, and in a planned way. We also hope that the NPC will supervise and support our reforms so that a procuratorial system with distinctive Chinese characteristics can be gradually perfected and established.

Fellow deputies: The 13th CPC National Congress symbolizes that China's socialist modernization has entered a new historical period of development. At present, both our political and economic situations are very good. Under the guidance of the spirit of the 13th CPC National Congress, reform and opening up are being further deepened, our economy is developing steadily, reform of the political structure has already started, the construction of the legal system is being further strengthened, and our socialist democracy is full of vitality. Under the new situation, the procuratorial organs must

take reform as the motivating force and make further efforts to strengthen and perfect the mechanism of legal supervision so as to push procuratorial work forward to a new stage.

General Plan for Economic Restructuring
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[Text] Beijing, 19 Apr (XINHUA)—General Plan of the State Commission for Restructuring Economic System on Deepening the Restructuring of the Economic System in 1988

(Approved by the State Council on 27 February 1988)

The 13th National Party Congress systematically elaborated the theory that China is now at the initial stage of socialism, defined the strategy for China's economic development, and charted the correct principles and course for restructuring the economic system.

Significant results were achieved in both economic construction and reform in the country during 1987; the situation of production, construction, circulation, and foreign trade was better than expected; and fairly great progress was made in restructuring the economic system. The economic situation as a whole was good. Based on the current needs as well as the guidelines set forth by the 13th party congress, the general principle for economic work in 1988 is: Further stabilize the economy and continue to deepen reform. Proceeding from this overall requirement, the restructuring of the economic system must base itself on resolving the contradictions and problems that must be urgently dealt with in the current economic work, integrating economic reform and development with institutional reform, and proceeding systematically and selectively. The principal missions are: Guided by the general objective of developing a socialist commodity economy, we should focus on implementing and perfecting enterprises' contract systems and continue to restructure enterprises' operational mechanisms. Meanwhile, we must also restructure the systems governing planning, investment, material and equipment supply, foreign trade, banking services, fiscal and taxation affairs as well as the housing system; and intensify the control over investment in fixed assets, consumption funds, and commodity prices so that we can bring about a more sustained and steady economic growth.

Deepening Enterprise Reform [subhead]

1. We should do a good job in supplementing, improving, deepening, and developing enterprises' contract systems. The course of deepening enterprise reforms is one of settling the issue of separating state-owned enterprises from government control and separating ownership of enterprises from the right to operate them. This means that, while ownership of the enterprises will remain unchanged, the enterprises have the right to possess, use,

and control their assets. This will give enterprises greater operational responsibilities, establish an operational mechanism which provides both incentive and restraint, and gradually compel the enterprises to take part in market competition, operate independently, and be responsible for profits or losses. The contract system must be upheld on a long-term basis because it is an important means for rationalizing enterprises' operating mechanisms. The work of deepening enterprise reform in 1988 is primarily one of popularizing and perfecting the contract system so as to improve the operating mechanisms of large and medium-size state-owned enterprises, revitalize them, compel them to tap their potentials actively, and increase supply. According to their different situations, small state-owned enterprises should continue to operate under the leasing and contract systems, and some may be sold at auction.

2. We should actively introduce the competitive mechanism into enterprises and determine their contracted operators. Playing the central role in enterprises and assuming full responsibility in the enterprises, contracted operators are representatives of the enterprises, which are legally-recognized persons. A contracted operator may be chosen and hired from people working within an enterprise or within the same trade. He may also be publicly recruited. To facilitate coordination and other needs, all localities may gradually establish agencies for issuing contracts and different forms of enterprise operators' organizations to broaden contacts among all contracting parties. People should be encouraged to demonstrate their talents through competitions so that a contingent of enterprise operators who can keep pace with the development of commodity economy can come to the fore as quickly as possible. The length of contracts should not be too short. Generally they should not be shorter than 3 years. Before a contract expires, its terms should not be changed casually. Government departments at all levels must uphold a contract's solemnity, protect enterprise operators' legitimate rights and interests, and refrain from intervening by issuing administrative orders. Before signing a new contract, an enterprise should, on the basis of reviewing its experiences, choose the right form of contract that can effectively arouse the enterprise's initiative and be compatible with measures for deepening reforms.

3. The mechanism for restraining an enterprise should be further improved. A contract should provide that an enterprise must strictly abide by the state's price policy and must not raise prices either overtly or covertly at the expense of the interests of the state and consumers. Most of the additional profits an enterprise can retain should be spent on developing production and improving its technology, and the average increase of workers' actual income should be lower than the growth of productivity. As the amount of retainable profits continues to grow, an enterprise should gradually set aside a fund to guard against risks. When the enterprise fails to deliver the profit quota to the state, it can make up the deficiency with its capital, including the fund against risks, so that

it can be responsible for losses as well as profits. If, after accepting a contract, an enterprise needs a loan for investment in fixed assets, it should, in principle, pay back the loan after paying its taxes, instead of before paying its taxes. The unpaid loans it borrowed before it accepted the contract may be incorporated into the contract as part of the base quota and will be repaid in yearly installments. After being examined and approved, those projects which have good social benefits but poor repayment capacity may be supported by lower interest rates, or by an appropriate extension of the repayment period, or by other preferential measures.

4. Reform of enterprises' management should be further expedited. While propagating the contract system, systems governing the responsibilities of a plant director (or manager), the targets to be reached during his tenure, and the auditing of the plant's fiscal affairs at the end of his tenure should be established. Moreover, in accordance with the principle of combining responsibilities, privileges, and benefits, the "full-load method" and the system of settling accounts at the "factory bank" should be actively popularized so that a target control system and a system governing economic responsibilities can be gradually formed within an enterprise. To improve management, increase production and revenues and cut expenditures and consumption of resources, we should continue to reform and improve an enterprise' wage system, broaden the scope of labor contracts, regroup workers selectively, promote piece work wages, fixed wages, and wages for different posts, encourage different ways of linking economic performance with total payroll, and strictly enforce the evaluation and award-penalty systems within an enterprise. To encourage workers to work as the masters of their factory, we should encourage each and every person to share in the contract and improve democratic management.

5. Enterprises should continue to upgrade their technology and restructure their organizations. Under the guidance of relevant production policies, different trades and different enterprises should undertake different forms of contracts. A key enterprise badly in need of technical renovation under the technical renovation plan may undertake "double contracts," namely delivering a fixed amount of income tax and regulatory tax to the state, and undertaking contracts governing technical transformation, expansion of production and operational capacity, and higher value of state-owned assets. For contracts accepted by a department, the department should continue to grant enterprises the contracted responsibilities, privileges, and benefits. Enterprises should be encouraged to act as contractors of other enterprises. The technologically advanced, competitive, and profitable enterprises should be encouraged to be contractors for those enterprises which have been losing money for a long time and which have no future for development, or buy up the ownership of their property so that we can develop intensive operation through rationally restructuring production at these enterprises as well as their product mix.

6. We should continue to promote lateral economic association and actively develop enterprise groups. We should particularly encourage the association of productive enterprises and research units so as to form a great number of competitive enterprise groups or enterprise associations which are strong in terms of scientific research, technical expertise, capital, and equipment. On the basis of recognizing mutual benefits, the development of lateral associations may be free from the three restrictions that enterprises' ownership, affiliations, and financial system must remain unchanged. After being approved, large enterprise groups may be independent from state plans, and have greater authority in handling investment in fixed assets, developing new products, expanding operating and marketing scope, setting prices for goods they are authorized to market, importing and exporting goods, and purchasing technology with their own foreign exchange. To forestall monopoly, we should encourage enterprise groups and departments within an enterprise group to compete with each other. We should actively promote the share-holding system among the laterally associated enterprises, enterprise groups, and newly organized enterprises.

Investment System Reform [subhead]

7. The 1988 investment system reform is aimed mainly at starting implementation of the system of fund control in capital construction project investments within the state budget so stable sources for funds will be available for the development of key construction projects. At the same time, it is also aimed at restricting the over-expansion of capital construction projects. The government funds for capital construction are composed of several budgeted sources of government revenue and a fixed amount of state appropriations. They are listed as receivable and payable items in the budget. Those funds earmarked for specific purposes should be used as designated. They can be carried over to the next year when the account is set at the end of the year. Payment should be made for the use of business investments. Meanwhile, a responsibility system should be strictly implemented for the control, use, and recovery of investments. As for non-business investments, they should be temporarily handled in the same way as before. The capital construction funds should be mainly used for the development of key projects in the "Seventh 5-Year Plan." At the same time, necessary policies must be formulated to pool and utilize the funds raised by the local governments at all levels, as well as social funds to develop basic industries and infrastructure in the fields of energy, raw and other materials, and communications.

8. We should do a good job in controlling the government funds for capital construction. In 1988 we should, first of all, set up a few competitive specialized investment companies such as energy, communications, raw materials, and agricultural investment companies. These companies mainly shoulder the task of making investments within their own respective trades in major construction projects with government investments. They

may also make investments on projects in other trades. As economic entities, the companies are responsible for the use and recovery of funds, and they should strive to make the funds increase in value. Appropriate efforts must be made to prevent the various economic departments from exercising direct control over investments. The Ministry of Finance should transfer the government funds earmarked for capital construction to the Construction Bank on the basis of the rate of progress in acquiring the revenues, and should place these funds under control according to the state plan. The relationship between the Construction Bank and the investment companies is one of economy, not of administrative affiliation. The investment companies are not allowed to do business in banking.

9. We should rationalize the investment pattern and get bigger returns from investments. We should make use of necessary means of taxation and rationally improve investment methods. We should set reasonable standards for large-scale production, and restrict the development of those projects that are sub-standard in scale and technologically backward. We should promote the public bidding system in an overall manner for the development of construction projects. Efforts should be made to break the barriers between different areas and departments and between military and civilian industry, from project selection, design, and construction to equipment supply and the importation of facilities. Successful bidding units are selected by screening the bids and choosing the best-suited. Efforts should be made to work out laws and regulations for inviting and submitting tenders for the development of construction projects. While protecting the backward, we should not allow anyone to engage in malpractice for selfish ends.

Supply and Commercial System Reform [subhead]

10. The main points in reforming the supply system in 1988 are: Begin merging, step-by-step, the various departments in charge of supplies under the State Council into the supply departments of the state, while taking into consideration the different situations on different occasions. We should gradually eliminate the functions of the various departments under the State Council in distributing and controlling supplies, and should create conditions for developing the market for means of production under the guidance and control of the state and helping the government organs carry out reforms and change their functions. The practice of distributing supplies according to the state plan will be gradually changed to the practice of directly sending the proper share of supplies by the planning and supply departments to the enterprises who are the end-users of the supplies. In the course of carrying out this reform, the departments concerned must do a good job in dovetailing all units for the supply of materials and goods, and guard against interruptions or disconnections between production and supply of materials. The supply departments and supply control units should adhere to the

principle of separating the functions of the government from those of enterprises, serve production and construction, and earnestly change their bureaucratic way of handling commerce.

11. The management of state-allotted resources should be strengthened, and an inventory should be made of materials managed by departments and local authorities. Production enterprises that fail without reason to fulfill the task of allocating and distributing materials according to the state plan should be punished in accordance with relevant state laws and regulations. It is necessary to conscientiously make an inventory of materials managed by various departments, and such materials should be managed in various ways. With the approval of the State Planning Commission, a small number of materials in short supply and bearing on the overall situation of economic construction that need to be continuously distributed are to be distributed by state materials departments according to mandatory planning. Major mechanical and electrical products needed in the carrying out of key state construction and production projects are to be ordered by contract. Guidance planning should be implemented with regard to important raw and semi-finished materials and auxiliary products whose supply and demand are basically balanced, the state should make it possible for those who turn out such materials and products and those who need them to contact each other, and the latter should order such materials and products from the former through negotiation. The distribution of other materials is abolished, and their circulation will be unrestricted. In accordance with the above-mentioned principles, an inventory should be made of materials managed and distributed by local authorities.

12. It is necessary to further develop and improve the capital goods market. This is the orientation for and the stress of our work in an effective reform of the materials system. Shijiazhuang City's experiences in setting the same prices for both those materials included and those not included in the plan, having the price difference, if any, returned to the buyer, gradually relaxing control of prices, and developing the market should continue to be practiced in 1988. Measures should be studied and adopted for production enterprises to sell at the highest producer prices set by the state such important materials as steel products, nonferrous metals, and cement now under centralized distribution and for the state to take the price differences from the production enterprises and compensate the consumer units for the high prices accordingly. At the same time, efforts should be made to further improve materials trade centers in various localities and to develop open and competitive capital goods markets with cities as their centers and under state guidance and control. Upholding the principle of separating the functions of the government from those of the enterprise, we should also separate market control from market management; the market controller should not participate in market management, nor should the market manager take part in market control.

13. It is necessary to further deepen commercial restructuring and to develop and improve the market for consumer goods. Efforts should be made mainly to develop various associations and gradually set up large enterprise groups and comprehensive companies involving various trades, departments, or regions and under different forms of ownership so that state commerce and supply and marketing cooperatives will be able to play a dominant role more effectively in stabilizing the market and keeping prices down. Meanwhile, we should gradually set up and develop a futures market, improve administrative laws and regulations on the market, strengthen our control over the market and commerce, crack down on imitations and counterfeits, and effectively maintain market order. Following the direction of changing government-run commerce to people-run commerce, we should continue to deepen the structural reform of supply and marketing cooperatives, improve the system of providing services for rural commodity production and the system of purchasing farm and sideline products by contract, vigorously promote joint management as well as buying and selling through agents, and further stimulate the circulation of commodities between city and country in order to promote the development of the rural economy.

Reforming the Foreign Trade Structure and Opening to the Outside World [subhead]

14. Vigorously developing foreign trade is an important part of opening wider to the outside world. The reform of the foreign trade structure must meet the requirements of the policy of opening to the outside world and the requirements of the strategy for the economic development of coastal areas. It is necessary to practice in an all-round way the managerial contracted responsibility system in foreign trade under which trade enterprises are gradually given full authority over management and full responsibility for their profits and losses, and under which there will be better coordination between industry and foreign trade and a system of foreign trade companies acting as agents for other enterprises will be instituted. The main reform task for 1988 is to decide on the export volume, the amount of foreign exchange to be earned, the amount of foreign exchange earnings to be delivered to the state, and the economic results to be achieved according to the 1988 export plan; provinces (regions and municipalities) and cities with independent economic decisionmaking authority should see to it that this task is carried out by various foreign trade and export-producing enterprises under contract, and the foreign exchange earnings exceeding the quotas should be retained mainly by the contractor enterprises. It has been decided that experiments should be continuously conducted in the light, handicraft, and clothing industries. At the same time, it is necessary to further improve export-encouraging policies, vigorously promote the export agency system, and set up a market for foreign exchange regulation in order to create conditions for foreign trade enterprises to practice enterprise management and take full responsibility for their profits or losses.

15. In export, we should mainly introduce a comprehensive system of tax returns under which the central financial departments return all taxes—such as product tax, appreciation tax, and business tax—already paid on exported commodities. The light, handicraft, and garment industries should be allowed to retain a portion of the foreign exchange they earned with the returned taxes, and should be responsible for their own profits and deficits; while some groups of enterprises in the electronics and automobile industries should be allowed to retain all the foreign exchange they earn, and be responsible for their own profits and deficits. The foreign exchange retained by the industries can be used for importing materials or taking part in the foreign exchange money market according to the regulations.

Different management methods should be applied to export commodities. Except for a few commodities under centralized management, most commodities can be handled under decentralized management. A few staple natural resources and sensitive commodities distributed under quotas on the international market should be exported under the mandatory plan and handled under centralized or joint centralized management; most of the remaining commodities should be exported under planning through guidance and handled under open management. It is also necessary to go all out to promote export by consignment to agents, combine foreign trade with the increased production of enterprises, and develop lateral economic cooperation.

16. In import, we should concentrate efforts on deepening the system of price evaluation by import agents of the central financial departments—the system under which they evaluate the prices of most commodities imported with foreign exchange from the central financial funds and having basically no price ceilings in China. Efforts should be made to rationally readjust the import mix based on our industrial policies. It is also necessary to encourage import substitutes, and persist in combining foreign trade with the increased production of enterprises and the introduction of new technology, and coordinate import with export.

17. We should improve administrative management over foreign trade and implement a nationally unified foreign trade policy by clearly defining the functions of foreign trade administrative departments at various levels, improving the export and import license system, and enforcing the system of distribution quotas. We should try out export-import chambers of commerce of different trades to coordinate all foreign trade enterprises and promote cooperation among various sectors. However, chambers of commerce should not take part in business activities.

18. We should accelerate the pace of opening to the outside world, focusing our attention on expanding productive forces, promoting technological progress, and increasing foreign exchange earnings through export. It is necessary to strengthen the macrocosmic management

of absorbing foreign capital and technology, and decide wisely on the priority industries to be developed so as to channel foreign investment to meet the demands of China's economic construction and the development of its priority industries. We should gradually establish mutually beneficial economic relations with foreign countries through promoting foreign trade, utilizing foreign capital, importing technology, developing tourism, and contracting labor services or other projects. In order to enhance China's flexibility and adaptability in international competition, we should also carry out multilateral economic and technical cooperation with various countries and regions. In the Zhujiang and Chang Deltas, the triangle area in southern Fujian, and Hainan Dao, it is necessary to implement even more flexible policies, encouraging processing and assembling of materials supplied by foreign firms and compensatory trade, as well as bringing into play the advantages of village and township enterprises so the coastal open economic zones can make even greater advances in developing an export oriented economy.

Reforms of the Banking, Fiscal and Taxation, and Housing Systems [subhead]

19. We should accelerate the pace of restructuring the banking system, concentrating our efforts on further developing and improving money markets, ensuring smooth and speedy circulation of funds, and readjusting the structure of capital to raise its efficiency under the premise of appropriately controlling the issuance of loans and currency, and improving the overall balance and macrocosmic control and regulation of funds.

It is necessary to actively promote currency circulation business in each trade. In cities where conditions permit, comprehensive interdepartmental, open capital circulation markets led by the people's bank should be set up to facilitate capital circulation among different banking departments and regions.

Capital circulation within the same trade should be managed on a case-by-case basis, according to the varying lengths of time involved, differentiating day-to-day loans from money needed to make up the shortages of funds in fiscal plans so as to eliminate the problem of using short-term capital for long-term investment. Fiscal plan fund shortages can be solved through the issuance of industrial bonds or money certificates, as well as efforts to attract more deposits. It is also necessary to energetically promote the use of commercial bills and introduce the discounting and rediscounting of those bills.

Enterprises, especially key construction projects and key enterprises, should be allowed with the approval of the people's bank to raise funds from various quarters of society by issuing long- and medium-term bonds. Departments in charge of planning and enterprises should guide the flow of capital through discounting and securities.

Stock exchange companies and agencies that assess enterprises' credibility under the supervision of the people's bank should actively develop trading markets for negotiable securities in order to increase the amount of circulating funds directly available to enterprises. It is also necessary to work out relevant laws and regulations governing security markets.

In reforming the interest rate system, we should rationalize the interest rate structure by gradually establishing a floating interest rate system based on the interest rates of loans issued by the central bank in order to use interest rates as a lever to regulate currency supply.

Efforts should be made to actively promote the reform to run specialized banks as enterprises, systematically strengthening the communication banks and gradually changing the situation in which specialized banks follow the egalitarian practice of "everyone eating from the same big pot" internally while monopolizing services externally.

20. We should further reinforce the central bank's overall controlling functions mainly in the following areas:

The amount of currency and volume of credit issued should be brought under strict control. We should persist in making the growth of the currency supply smaller than the total of the economic growth rate and price rises. The total volume of loans for investment in fixed assets should be within targeted limits.

Financial deficits should be gradually wiped out by issuing national bonds to the society, including specialized banks and other monetary institutions. It is necessary to carefully examine and approve applications to issue various kinds of bonds according to regulations and to tighten the control and management of bonds.

The reserve fund deposit system should be improved. We should gradually decide the proportions of reserves to be turned over to the state by various specialized banks, based on deposits of various categories and lengths of time.

We should reduce the people's bank's credit loans to specialized banks while increasing the proportion of its rediscount and mortgage loans, as well as bank notes and bonds in currency circulation.

It is necessary to tighten the central bank's supervision and inspection over specialized banks, monetary collectives, and other nonbanking monetary institutions, as well as its control over their assets and debts. In order to ensure the capability of monetary institutions to liquidate debts, it is necessary to encourage them to set up reserve funds for bad debts.

Banks should further scrutinize the operations of account-holder enterprises, periodically assessing their credibility and issuing loans of varying interest rates,

based on their credibility. Banks can terminate loans issued to enterprises that fail to meet demands to improve management and products to meet consumer needs.

We should intensify unified control over foreign debts and foreign exchange. It is necessary to clearly define the responsibilities of specialized departments, strictly forbid foreign borrowing without government approval, and accordingly reinforce the responsibility system for repaying debts. The system of verifying and writing off the collection of foreign exchange earnings from export should be further improved.

21. We should further improve and perfect the fiscal and taxation system mainly in the following areas: The money borrowed by the central government from the local governments in 1987 should be transferred to the central financial departments by reducing the base figure of local expenditures. After studying measures for dividing the central and local governments' administrative and financial powers, we should try out a 2-level financial budget by the central and local governments. In conjunction with reform of the investment system, we should try to draft a double-entry budget. It is necessary to step up supervision through auditing. At the same time we should earnestly improve tax collection and management and turn a few minor categories of taxes into fixed revenues for local governments, with the amount of the base figure exceeding the expenditures totally retained by the local governments. It is necessary to consolidate the existing regulations for tax reduction and exemption, reinforce the state laws, control the scope of tax reduction and exemption, and severely punish tax evasion in order to bring taxation's regulatory role in economic activity into play.

22. Accelerate the reform of the housing system in cities and towns. In the next 3 to 5 years, housing system reform will be carried out across the nation by stages and areas. The main tasks are raising the rent of public housing; issuing rent coupons to tenants of public housing to be used as rent payment instead of cash; encouraging workers to buy their own housing; taking policy and legislative measures; promoting public housing to guide and advise the residents on consumption; and correcting unhealthy tendencies in housing distribution, thereby laying a foundation for commercialized housing.

After considering the task itself and the actual economic conditions, a plan has been prepared to select 80 cities (including Beijing, Tianjin, Shanghai, and all provincial capitals) in 1988 as starting points to accumulate experience for extending the reform to large areas across the nation. Large cities may carry out housing reform by groups and sections and then spread the experience across the entire city. The various provinces, autonomous regions, and municipalities should select one or two cities or townships to experiment with the reform and gain experience, which will then be spread to all

counties and townships in the next 2 years. All cities, counties, and townships that are not included in this year's plan for housing reform may carry out individual reforms such as charging new rents for new housing, raising rent for old housing, and raising money to build housing. They can also conduct surveys, make computations, and begin planning in preparation for housing reform in the next 2 years.

Strengthen Control Over Investments in Fixed Assets, Consumption Funds, and Commodity Prices [subhead]

23. Gradually establish a new and effective macroeconomic management system in accordance with the requirements for deepening reform.

The major task for 1988 is the effective application of various economic, administrative, and legislative levers to control investments in fixed assets and the expansion of consumption funds. The planning, finance, banking, and tax departments should closely cooperate with one another to check the expansion of investments and consumption funds, achieve a balance between total social supply and demand, and maintain essentially stable commodity prices in the market.

24. Strengthen control of total investment. State planning departments should maintain an overall balance in society's investments in fixed assets and adopt different management methods to deal with different situations. It is necessary to impose an annual investment limit for each province, autonomous region, and municipality in order to strengthen control over their investments, particularly extrabudgetary investments. The amount invested by any province, autonomous region, or municipality over and above the prescribed annual limit in any given year shall be deducted from the limit for the next year. The limit on bank loans for investments in fixed assets may not be exceeded without approval. Leaders and governments at all levels must support the banks in exercising their rights and refusing loans beyond the prescribed limit. It is necessary to establish a strict and scientific system for investment decisionmaking and guard against added items, raised standards, or expanded investments where the feasibility of the action has not been verified or funds and materials are unavailable.

25. Strengthen management of consumption funds. The general principle is to continue to comprehensively raise the people's actual living standard, based on the development of production. However, the rate of increase of the total real income of residents in cities and towns should not exceed that of the national income and increases in the average wage and income of staff and workers must be less than the increases in labor productivity. Specifically, it is necessary to exercise control in five areas as follows:

First, strengthen macrocontrol over consumption funds. The State Planning Commission should strengthen the management of and achieve a balance in consumption funds. After a consumption plan has been set all major policy measures related to increases in consumption funds must be examined, coordinated, and balanced by concerned departments that have been entrusted to do so by the State Planning Commission and approved by the State Council before these measures can become effective. No department or locality has the authority to decide on these measures. It is necessary to sort out various types of subsidies and impose strict limits on subsidies.

Second, control enterprises' total wages. In accordance with the principle of separating the enterprise's wage system from that of administrative units, implement a floating wage system linking the sum of enterprise wages with the profits turned in and the taxes paid to the state in provinces, regions, municipalities, and departments with suitable conditions. A basic wage system should be implemented with bonuses linked with the economic results of enterprises in provinces, regions, municipalities, and departments where such conditions do not exist. Wage payments that exceed the prescribed limit should be deducted, and overpaid bonuses are subject to bonus taxes. Third, institutional consumption will be strictly controlled. The main thing is to further curtail the administrative expenditures of official organs, institutions, and enterprises and cut their budgets for meetings, receptions, foreign activities, and high-grade consumer goods purchasing as much as possible. Using public funds for sightseeing is strictly prohibited.

Fourth, independent operators, operators engaged in specialized production, leasers, contractors, private enterprise owners, and various other operators who earn excessively high incomes must pay income tax and income adjustment tax according to the law. State regulations must be followed in handling the independent, collective, and township enterprises that enjoy tax reductions or exemptions for a certain period. No tax reduction or exemption will apply to bonuses or wage adjustments, except those specifically prescribed by the State Council.

Fifth, trade in agricultural and sideline products sold to the state by contract must strictly follow the state's price policies. Unauthorized price increases or price reductions are prohibited.

26. As for price reform, comprehensive, supplementary measures will be undertaken in 1988 to control general price increases and firmly check reckless price increases. Meanwhile, efforts shall be made to restructure the price system and the price control system.

Prices of the means of production shall be strictly controlled. Special attention shall be directed to controlling the prices of materials and equipment whose distribution is planned so that their prices cannot be casually

raised either overtly or covertly. Price departments will set price ceilings for major types of energy and raw and semifinished materials, the distribution of which is unplanned. No surcharge is allowed to be added to the regular rates for railway transportation. Meanwhile, the prices set by the several monopoly trades shall be examined and any reckless or covert price increases will be firmly reduced and handled according to regulations for punishing violations of price policies.

As for agricultural and sideline product prices, primary attention will be directed to readjusting the purchase prices for a small number of agricultural and sideline products. Efforts will also be made to stabilize their prices. To prevent state-owned commercial firms, foreign trade departments, and supply and marketing cooperatives from competing with one another, paying higher prices for certain popular goods that are in short supply and the production of which has been decontrolled, rational ceilings will be set for the purchase prices of these goods. Efforts will also be made to develop the production of nonstaple foods, expand the nonstaple food wholesale markets in large and medium-size cities, promote franchised and joint marketing services between producing areas and cities in order to reduce marketing processes, and stabilize the prices of principal nonstaple food in cities as much as possible.

The prices of industrial consumer goods must be approached differently. The prices of basic daily necessities will be strictly controlled, the marketing of commodities that have prices set by the state will strictly adhere to state-set prices. The prices of small commodities will be decontrolled. To provide guidance for the consumption of certain popular goods in short supply, economic and administrative measures will be taken to balance supply and demand. Speculative buying and selling are prohibited. Continued efforts will be made to intensify supervision and the checking of commodity prices and a system in which the masses can supervise commodity prices will be gradually set up and perfected.

Pilot Reform Projects [subhead]

27. Pilot comprehensive, supplementary reform projects will be carried out under the general principle of stressing the main points and providing guidance according to the nature of different projects. First of all, districts to experiment with reform and opening up will be set up in some coastal provinces. These districts will be organized to implement the strategy for economic development in coastal areas, speed up the development of an export-oriented economy, and carry out comprehensive, supplementary reform. Second, cities like Shenyang, Chongqing, Dalian, Wuhan, and Nanjing will be encouraged to open wider to the outside world. These cities will focus on further reforming their enterprises' operating mechanisms and streamlining the management of their assets. They will also carry out other supplementary reforms, such as establishing a market system and a system for

macroscopic indirect control, and streamlining government organs so as to gradually improve the relations between various sectors, and accumulating more experiences in forming a new planned commodity economy system.

28. Carry out major experimental reforms at selected points. In accordance with the needs of reform and development, a few provinces and cities should be chosen to try reducing enterprise income tax, separating tax and profit delivery, repaying loans after paying taxes, and instituting contracted managerial responsibility based on the fulfillment of income tax commitments. Efforts should be made to explore new systems of managing state assets and straighten out relations involving state assets. It is necessary to make specialized banks operate as independent enterprises; develop securities, regulated foreign exchange, open labor services, and housing property markets; and try reforms of unified workers' retirement funds at selected points.

Reform Government Administrative Organs, Bring the Role of Major Cities Fully Into Play, and Exercise Effective Leadership Over Restructuring Work [sub-head]

29. In line with the policy of restructuring the economy, delegating powers, streamlining, and improving work efficiency, efforts should be made to readjust and streamline specialized administrative departments at central levels, as well as specialized organs within departments that have overall responsibilities.

Bring the role of major cities fully into play: A city is the economic center of a given area and an important link for state organs carrying out their economic functions. All localities and departments should earnestly review and firmly delegate all powers that the CPC Central Committee and State Council have decided should be given to cities. At the same time, efforts should be made to gradually hand all business that can be more properly managed by cities over to them and create conditions to enable urban centers to make the most of their appeal and ability to expand. Cities themselves must also delegate powers to enterprises, districts, and counties, change their functions, separate the functions of government and enterprises, and continue to implement and improve the system of cities leading counties. Particularly the various cities selected for pilot reforms must take the lead in reform and bring their exemplary role fully into play, in line with the requirements of this program and taking their own specific conditions into consideration.

30. Economic restructuring is going through the stage when a new structure is being substituted for an old one, and we must make reform play a dominant role in work of all fields. Governments at all levels must effectively

strengthen their leadership over reform and put economic restructuring on their regular agenda. It is necessary to further replenish and reinforce economic restructuring organs at all levels, constantly improve the quality of their personnel, and actively bring their role as advisor and assistant into play. Meanwhile, it is necessary to strengthen economic legislation by paying close attention to the study and formulation of the law on enterprises owned by the whole people; regulations governing contracted management, leasing, shares in enterprises, the management of state assets, and privately owned enterprises; and other economic laws and regulations to make the law a means for guaranteeing the smooth progress of reform.

All departments and localities must coordinate and cooperate with one another, make an earnest effort to formulate relevant specific measures, and put these into effect at an early date.

Countries Greet Newly Elected Chinese Leaders

*HK200440 Beijing RENMIN RIBAO in Chinese
18 Apr 88 p 6*

[XINHUA Report: "More Leaders of Foreign Countries Send Cables Greeting Newly Elected Chinese Leaders"]

[Text] Beijing, 16 Apr [XINHUA]—The leaders of some more countries sent cables in congratulation of newly elected leaders of our country.

Among those cabling congratulations to President Yang Shangkun were:

Chairman of the Burkina Faso People's Front and Head of the State Blaise Compaore;

Queen Margrethe II of Denmark;

Jerry Rawlings, Head of the Republic of Ghana and Chairman of the Provisional National Defense Council;

Emperor Hirohito of Japan;

Joaquim Alberto Chissano, Chairman of the Mozambique Liberation Front and President of the People's Republic of Mozambique;

Manuel Pinto da Costa, President of Sao Tome and Principe;

Ali Hassan Mwinyi, President of the United Republic of Tanzania;

Robert Mugabe, President of the Republic of Zimbabwe;

Phoumi Vongvichit, Acting President of the Lao People's Democratic Republic;

Jacques Chirac, Prime Minister of France;

Prem Tinsulanon, Prime Minister of the Kingdom of Thailand;

Chedli Klibi, Secretary General of the Arab League.

Among those sending messages of greeting to State Vice President Wang Zhen was:

Joseph S. Warioba, First Vice President and Prime Minister of the United Republic of Tanzania.

Among those sending congratulatory messages to NPC Chairman Wan Li were:

Adam Sapi Mkwawa, Speaker of the National Assembly of the United Republic of Tanzania;

Sisomphon Lovansai, Acting President of the Supreme People's Assembly of the Lao People's Democratic Republic.

Among those extending greetings to Vice Premier Li Peng were:

Andre-Dieudonne Kolingba, President of the Central African Republic, Head of State, and Chairman and Founder of the Central African Democratic Assembly;

Jerry Rawlings, Head of the Republic of Ghana and Chairman of the Provisional National Defense Council;

Corazon Aquino, President of the Republic of the Philippines;

Ali Hassan Mwinyi, President of the United Republic of Tanzania;

Kaysone Phomvihan, Chairman of the Council of Ministers of the Lao People's Democratic Republic;

Prem Tinsulanon, Prime Minister of the Kingdom of Thailand.

Citizens' Right To Criticize Leaders Viewed

*OW210842 Beijing XINHUA in English 0820 GMT
21 Apr 88*

[Text] Beijing, April 21 (XINHUA)—Citizens have the right to criticize leaders and this right should be guaranteed, and this will improve the country's political democracy.

This is the opinion of a signed article in today's "PEOPLE'S DAILY" (the overseas edition).

The article, entitled "Political Democracy and Citizens' Right (?to) Criticize", said that among all the legal rights of citizens, the right to criticize is a vital one.

China's Constitution clearly stipulates that individual citizens are entitled to criticize any state organ or functionary and to put forth suggestions.

"This right is sacred. Without it, the citizens' democratic right will be dismembered and socialist supervision by public opinion hamstrung," the article said.

Citizens should have the right to criticize in political areas as well as in economic and cultural fields, the article continued. However, for a long time, the criticism of state leaders and organs has often been checked.

"Any criticism, either in oral or written form, should be encouraged so long as it is true, legitimate and conducive to the stability and unity of the country," the article said.

Experience shows that by allowing people to criticize, the state can prevent bureaucratism and feudalism, it said.

"Some leaders had the absurd concept that criticism of state leader was an activity which would split the party and the state."

"Anyone who dared to raise criticism was suspected of being a counter-revolutionary. These leaders forgot the obvious truth that people are the master of the country and the leaders are just their servants," the article said.

Communications Satellite Begins Transmitting TV
OW201754 Beijing XINHUA in English 1715 GMT 20 Apr 88

[Text] Beijing, April 20 (XINHUA)—China's telecommunications satellite launched March 7 officially started operation today with the nationwide transmission of three channels of programming from China Central Television.

According to the the Ministry of Posts and Telecommunications, the images were clear with good color and sound during trial reception in Beijing, Shijiazhuang, Shanghai, Guizhou and Xian.

According to experts, a beam antenna allows the satellite to focus its transmission power on China's territories so the signals are much stronger than those emitted by international satellites, and reception at China's 5,000 ground stations has greatly improved.

Now receivers with antennas of three to 4.5 meters in diameter are able to achieve the same effects of the previously-used six-meter receivers, and television programming picked up in the remote areas of the Tibet and Xinjiang Uygur Autonomous Regions are as clear as anywhere else in the country.

The new satellite has not only doubled the capacity of the Chinese telecommunications satellite launched in 1986, but also has a lifespan of one and half years longer.

To allow existing ground stations enough time to upgrade antennas to handle transmission from the new satellite, the Ministry of Posts and Telecommunications has decided to use both an international satellite and the Chinese satellite until the end of this year.

The new satellite will also handle domestic telephone communication service.

New Railways Minister Discusses Safety
OW210216 Beijing XINHUA Domestic Service in Chinese 0618 GMT 19 Apr 88

[By reporters Ling Wancheng and Yang Like]

[Excerpts] Beijing, 19 Apr (XINHUA)—Li Senmao, the new minister of railways, said today: The top-priority task of the moment is to put an end to the passive situation of unsafe railway transportation, and, at the same time, continue to carry out reforms of implementing the contracting system among railways departments. [passage omitted]

In an interview with the reporters, Li Senmao said: To put an end to the situation of poor safety, we must do a good job in the following five areas:

1. Resolutely implement the policy of "giving top priority to safety with stress on prevention." Some 1,000 passenger trains carrying 3.2 million people and 10,000 freight trains carrying 3.8 million metric tons of cargo are running across the country every day. These trains are constantly on the move, crossing countless mountains and rivers and connecting thousands of homes. Negligence even for a moment in any of the key links will cause unexpected disasters. In transportation, anything that contradicts with safety must be eliminated for the interest of safety.
2. Do our best in carrying out the long overdue replacement of equipment as quickly as possible. We cannot always overwork our facilities and overload the operations. At present, 12,000 km of steel tracks under use have already passed their service life and many locomotives and passenger and freight trains need thorough overhaul. These problems should be solved as soon as possible.
3. Accelerate the modernization of railway transportation and improve the safety factor through science and technology. [passage omitted]
4. Improve the quality of railway workers in an all-around way. [passage omitted]
5. Speak the truth, do solid work, and stress practical results. [passage omitted]

Public Security Organizations Slated for Reform
*OW201428 Beijing XINHUA in English 1016 GMT
20 Apr 88*

[Text] Beijing, April 20 (XINHUA)—Reform in public security organizations is urgent, said Wang Fang, the newly-appointed minister of public security.

Interviewed by the overseas edition of the "PEOPLE'S DAILY", the minister said crime is on the increase. Last year the cases of criminal offences amounted to 570,000, up 30,000 over that of 1986.

The minister said that an inefficient police force, both in terms [of] personnel and equipment, had partly been responsible for the increase.

He said that a united, highly efficient police system should be established instead of the present system where organizations overlapped and duties were not clearly defined.

The reform of public security organizations will include transferring power to lower levels, adjusting administrative organizations within the public security organizations and reducing the staff.

The reform is expected to be completed this year, he said.

PLA Completes Automated Command Network
*HK210250 Hong Kong WEN WEI PO in Chinese
21 Apr 88 p 2*

[Report: "PLA Sets Up Automated Command Network"]

[Text] After more than 10 years of work, the strategic missile force of the PLA has basically set up its automated strategic command network this month. This is regarded as a major milestone in the national defense modernization process. Strategic missiles are the main weapons in modern warfare, and the automation and modernization of the command system of the strategic missile force is regarded by all countries as an important backup project to make the weapons more powerful. The setting up of the automated command system will greatly increase the combat effectiveness of China's strategic missile force. This command system integrates the missiles deployed in all parts of the country into a unified entity. This is of special importance for China which has a vast territory.

The Command Automation Research Institute of the Second Artillery Corps was responsible for building this automated command system. They divided the project of building a general command system into two phases and five parts, namely, the intelligence and reconnaissance system, the communications system, the control system, the remote control and launching command system, and the electronic command system. Among

these systems, the building of the intelligence and reconnaissance system was most difficult, and this was newly developed in other countries. The researchers studied the latest developments and the newest technologies at home and abroad, and eventually succeeded in building an electromagnetic pulse detector system to monitor nuclear explosions in distant areas after a number of years research. This marked the first achievement in our country in the field of nuclear intelligence and reconnaissance technology. After that, the researchers developed "infrasonic nuclear explosion detector" and "optical detector" systems, thus developing a complete advanced detector technology system and enabling the command headquarters to effectively control and monitor the missile launching positions and the frontline troops and to react rapidly.

In 1984, the researchers began the second-phase network project. They successively solved a number of technical problems, such as the connections of different types of computers, the handling of graphic data, digital comprehensive control, the structure and application of data banks, the compatibility of microcomputers, the operation of computer terminals, and weapons command and control. This month, the entire automated command network was basically completed.

PLA General Staff Official on Militia Work
*OW210206 Beijing XINHUA Domestic Service
in Chinese 0050 GMT 19 Apr 88*

[Text] Beijing, 19 Apr (XINHUA)—During the economic and political restructuring in recent years, grass-roots armed force units in some plants, mines, enterprises, and institutions have been disbanded or combined; and the number of professional People's Armed Forces' cadres has been reduced. In connection with this problem, this reporter recently interviewed a responsible person of the Mobilization Department of the PLA General Staff Headquarters. The responsible person pointed out that during the economic and political restructuring, it is necessary to attach importance to the building of grass-roots armed force units to ensure the fulfillment of various militia and reserve force tasks in these units. The responsible person of the Mobilization Department of the PLA General Staff Headquarters said: In 1984, the Organization Department of the CPC Central Committee, the Ministry of Civil Affairs, the Ministry of Labor and Personnel, and the PLA General Staff Headquarters and General Political Department jointly issued a "Circular on the Principle for the Establishment of Grass-Roots Armed Force Units and the Assignment of Professional Armed Force Cadres to These Units," which clearly stipulated the establishment of these units and the assignment of professional armed force cadres. A summary of the national conference on border and coastal militia defense issued on December 1987 with the approval of the State Council and the Central Military Commission once again stressed that during the economic and political restructuring, the various localities across the nation still must comply

with the guidelines of the joint circular of 1984, establish grassroots armed force units well, and strengthen the building of the professional armed force cadres contingent.

Currently, the various localities have implemented the guidelines well; and the local party committees and governments are interested in and have attached importance to the people's armed force work. Beijing Municipality and Shanxi and Jiangxi Provinces recently issued circulars calling on the various units not to disband or merge grass-roots armed force units without proper authorization. Grass-roots armed force units that have already been disbanded or merged with other units should be restored as soon as possible. Units which are required to establish armed force units but have failed to do so should immediately establish them. Unfilled positions of professional armed force cadres should be filled as soon as possible. The responsible person stressed that from now on, all structural readjustments and personnel streamlining in the armed force units should have the concurrence of the higher military authorities beforehand as well as the approval from local party committees and governments.

The responsible persons said: Professional armed force cadres are an important force for fulfilling militia, reserve force, conscription, and mobilization tasks at the grass roots. Building up grass-roots armed force units and the professional armed force cadres contingent is of great significance in strengthening militia and reserve force work and in promoting education in the concept of national defense of all people.

Air Force Discusses Grass-Roots Political Work
OW210158 Beijing Domestic Service in Mandarin
2130 GMT 17 Apr 88

[From "News and Press Review" program]

[Text] It was pointed out at the Air Force's recent meeting on political work at grass-roots units that the role and functions of political work should be understood in the spirit of seeking truth from facts, and proper measures should be taken to intensify and improve political work.

Those attending noted: There are now two types of views toward political work. One maintains that political work cannot possibly solve any problem; and the other maintains that any problem has to be settled by means of political education. Some people even hold political work responsible for problems occurring in some Air Force units.

The attendees maintained that while we should have no doubt whatsoever regarding the need to intensify political education at a time when increasingly greater efforts are being made to promote a commodity economy, we

should neither attribute all our achievements to political education nor ascribe all our problems to failure in conducting political education.

Gao Xinmin, vice political commissar of the Air Force and director of its Political Department, said: We cannot depend on political education alone to solve certain ideological problems. We should also depend on policies and institutions. In a sense, the work to improve policies and institutions is in itself a powerful political work. Overestimating the role of political education is not only unconvincing, but it can also prevent us from learning lessons from our problems.

Hong Kong Journal on Chinese Naval Moves
HK210311 Hong Kong KUANG CHIAO CHING
in Chinese No 187, 16 Apr 88 pp 22-26

[Article by Wei Hung-fu (7614 3163 1133): "Chinese Naval Moves After the Sea Battle With Vietnam"]

[Text] The author of this article discloses: After the Sino-Vietnamese battle of the Nansha Islands [Spratlys], the Chinese Navy has gained control over the sea in that area.

It took China only 20 minutes to sink a Vietnamese warship.

Summing up the experiences not long ago, the commander in charge of the battle pointed out the need to save ammunition, and to make preparations for a new battle to guard against retaliation by the Vietnamese Army.

China is now adopting a low-keyed attitude, while watching closely developments on the sea. [end editor's introduction]

Chinese and Vietnamese warships clashed in China's territorial waters close to the Nansha Islands on 14 March 1988.

On the same day, the Chinese Ministry of Foreign Affairs delivered a protest to the Vietnamese Embassy in China. The protest read: "Vietnamese warships illegally intruding in the territorial waters of China's Nansha Islands opened fire on Chinese vessels conducting normal survey and patrol outside the waters of Chiguajiao of the Nansha Islands. The Chinese vessels were forced to counter-attack in self-defense." It also warned that "Vietnam must cease its armed provocations and withdraw from the islands or assume full responsibility for the consequences."

The recent small scale armed conflict has not brought about much repercussion in world opinion. However, people found it surprising to see that the Chinese Navy has greatly increased its strength, and has made long strides in its offshore combat effectiveness.

Overwhelming Victory of the Chinese Navy [subhead]

The Chinese Navy won a decisive victory in the recent Sino-Vietnamese sea battle.

On 31 March, the Chinese side made known to the world the results of the sea battle. The Vietnamese Navy suffered great losses in the recent action.

An Ex-U.S. "Model-51" Warship Was Sunk [subhead]

In the battle, a Vietnamese transport ship (No 604) carrying troops to full capacity was sunk; another transport ship (No 605) and an amphibious ship (No 505) were heavily damaged. Later, the No 505 amphibious ship sank on its way home, while the No 605 transport ship was stranded. There were at least 74 casualties or missing. According to a well-informed person, the No 505 amphibious ship that sank in the recent action was an ex-U.S. "Model 51" warship (Vietnam used to have three such amphibious ships, and now only two are left.) It was a model of 4,080 tons displacement, and was capable of carrying a reinforced battalion in landing. The Vietnamese Navy had to withdraw from this sea area after the heavy loss, while the Chinese Navy gained complete control of this area.

China's South Seas islands consist of 200-some islands, reefs, and beaches, and are divided into four major groups: the Dongsha [Pratas], the Xisha Paracels, the Zhongsha [Macclesfield Bank] and the Nansha. These islands are scattered in the vast waters between 4 and 16 degrees north latitude. This sea area has its northern shore on Mainland China, its southern shore on Malaysia, with the Philippines to its east and Vietnam to its west. It is the sea passage connecting China with various nations in Southeast Asia as well as an important course leading to Africa, Europe, and Australia. The South China Sea abounds in mineral resources, and has bright prospects in oil exploitation. It is also a wonderful fishing area for China. Therefore, it is a very important place for China, politically, economically, and militarily speaking.

Back during the Western Han Dynasty, Chinese began to sail the South China Sea and discovered the Xisha and Nansha islands. The governments since the Tang Dynasty have all along exercised their administration over these islands; and Chinese fishermen have always fished in this area. During the Ming Dynasty, when Zheng He sailed west, he passed through these islands on seven occasions, and anchored here for a rest. Cheng He Isles of the Nansha Islands was named after him by the Ming court to mark his feats.

After World War II, the KMT [Kuomintang] Government officially recovered the various islands of the South China Sea. After the founding of the PRC, Chinese Premier and Foreign Minister Zhou Enlai declared that "like the entire Nansha Islands, Zhongsha Islands, and the Dongsha Islands, the Xisha Islands and Nanwei

Islands have always been Chinese territory" in his "Statement on the Japanese Peace Treaty (Draft) and the San Francisco Conference." Thereafter, the Chinese Government reaffirmed China's position on this issue on various occasions.

When Vietnam was still divided into the North and the South, they held different attitudes toward the sovereignty of the various islands in the South China Sea. The Saigon administration claimed that these various islands belonged to them. While Hanoi acknowledged that the Nansha Islands were Chinese territory in its government statements, official letters, press, maps, as well as textbooks, prior to 1974. For example, the 1974 edition of the geography textbook for 9th graders published by the Vietnam Educational Publishing House has the following passage: "The Nansha Islands, the Xisha Islands, Hainan Island, the Taiwan Island, the Penghu Liedao, and the Zhoushan Islands ... link themselves together and take the shape of a bow, which forms a "great wall" to shield Mainland China," and it is explicitly noted that the Nansha Islands are Chinese territory.

The 1974 Sea Battle With the Saigon Regime [subhead]

It is a coincidence that the two sea battles of the Chinese Naval Fleet since its founding should find Vietnam to be its opponent. Only, in the first battle, the Saigon regime was involved; and in the second, the conflict was with the Hanoi regime.

The first sea battle took place on 19 January 1974. At that time, the South Vietnamese Navy sent three destroyers (No 4, No 5, and No 6) and a frigate (No 10) to the Xisha Islands to conduct aggressive and provocative activities; the Chinese South Sea Fleet sent only two coastal minesweepers (No 396 and No 389) and four submarines (No 271, No 274, No 281, and No 282) to confront the enemy; in addition, two civilian trawlers (No 402 and No 407) took part in the action.

The Chinese side won victory and gained control over the Xisha Islands in the 1974 battle only at great cost; one minesweeper (No 389) was severely wounded along with 80-some casualties. Obviously, the reason lay in its inferior military strength. At that time, one of the Vietnamese destroyers was of 2,800 tons displacement, exceeding the total tonnage of all the warships dispatched by the Chinese side. Besides, China was still suffering from the Cultural Revolution, with military training coming to a standstill. The major battle ship dispatched to take part in the action was a minesweeper that had just left the repair shop, and was on its way to the Xisha Islands delivering materials and equipment. The minesweeper was not strong enough in its firepower, for its major guns were only 37-mm calibre. Based on the reports then, the two sides resorted to machine-guns and hand grenades in action. Therefore, we can see that the mode of war involved in that battle was rather primitive.

It was said that the Chinese side "sent only its light warships," based on the principle of "political struggle, with no intention of resorting to force." Actually, that only served to conceal the Chinese Navy's limitations for offshore actions.

China Possessed "Absolute Superiority" in the Recent Sea Battle [subhead]

When the Saigon regime ended in 1975, the Vietnamese Government began provocations against China. In 1979, large-scale military actions took place on the Sino-Vietnamese border. Although the Chinese Navy did not take part in war action, it began to be highly vigilant against Vietnam, and started to study the Vietnamese naval condition. On 10 April 1979, Vietnam sent three of its warships to conduct reconnaissance. They were caught on the spot by the Chinese side.

The Chinese Navy has paid greater attention to the situation in the South China Sea since the Soviet Navy sailed into Cam Ranh Bay. In early 1980, China began to organize comprehensive offshore formations for action in the South Sea Fleet, and to conduct various kinds of simulated offshore exercises. Toward late January 1988, the Chinese Navy sent its warships to escort vessels conducting scientific research in the Nansha waters. China was to build a scientific inspection station on the Nansha Islands, to do research on the oceanic atmospheric environment. The Vietnamese authorities had already made an about-turn in its attitude toward the sovereignty of the various islands in the South China Sea and claimed that these islands had all along belonged to Vietnam. Therefore, the Vietnam authorities were greatly angered at China conducting scientific research, and rapidly dispatched a great number of warships and airplanes to that area. On 20 February, the Vietnamese Ministry of Foreign Affairs issued a statement in "protest" against China sending its vessels to Nansha waters conducting inspection and patrol, and demanded the Chinese vessels withdraw from that area. Regarding this, the Chinese adopted the attitude of "an eye for an eye," and "not retreating one inch from its position." The Chinese Ministry of Foreign Affairs spokesman said, should the Vietnamese side obstruct the legitimate actions of the Chinese side, "it must bear full responsibility for all consequences resulting from its action." Thereafter, both sides increased their strength in the sea area in question.

A meticulous observer told this reporter in late February 1988, some officers and men of the Chinese marines made a special trip from Hainan Island to Beijing, to demonstrate capturing and fistfighting with the enemy as well as the fascinating skill of qigong, a system of deep breathing exercises, in landing actions. The performances were broadcast to the public for publicity's sake. Such a practice on the Chinese side on the eve of the confrontation could be interpreted as a Chinese way of showing its muscle. It was learned that the Chinese Navy had deployed "powerful forces" to the Nansha Islands

area, and possessed "absolute superiority" over the enemy. A Western military observer pointed out that three frigates were included in the Chinese fleet participating in the sea battle. There were also some new-type warships equipped with sea-to-sea missiles and 100 mm automatic guns in addition to the coordination of various light combat ships and submarines. All this formed into a very powerful attacking force. It seemed that the Chinese Navy was determined to win the battle. Consequently, the Vietnamese Navy suffered a total defeat.

According to a well-informed personality, the Chinese side did "a neat and beautiful job" in the recent sea battle; it took only 20 minutes to sink the Vietnamese warships as mentioned above. A gunner described the action, saying, "in the battle, we kept stepping on the firing foot-control pads. My gun alone hit the enemy warship with more than 400 37 mm rounds. Together with the fire from other gunners and other warships, the Vietnamese surely had a big meal." Here, we can also see how fierce the battle could have been. Summing up the experiences not long ago, the commander in charge of the battle pointed out the need to save ammunition, and to make preparations for a new battle to guard against retaliation by the Vietnamese Army.

A Test of Offshore Combat Effectiveness [subhead]

The military strength of the Chinese Navy has grown rapidly since the beginning of the 1980s when the Navy became sea-going. Especially since Liu Qinghua became commander-in-chief in 1982, the Chinese Navy has gradually revised the war principles of "naval base," "guerrilla warfare," and "coastal actions" summed up and borrowed from past land war, and has been making exploration and preparations for offshore actions.

The Chinese Navy paid special attention to the British experience in the battle over the Falkland Islands (alias Malvinas Isles in Chinese translation) characterized by the long-distant sail of the British Navy to the destination, and the success of the United States in attacking Libya.

The Chinese Navy has greatly improved its equipment in recent years along with increasing the frequency of its activities. On many occasions, it has sailed to the Sea of Japan, the South Pacific, the Indian Ocean, and the Antarctic Pole, accumulating a lot of experience. Its capacities for maritime logistics and oil supply have greatly strengthened.

In November 1987, the Chinese Navy conducted, in the South China Sea a military exercise of the largest scope since the CPC founded its Army. The tremendous offshore fleet formation reached the southern-most tip of China, the Zengmu Ansha sea waters, to demonstrate its determination and muscle to the whole world.

Will Vietnam Give Play to Its Advantages in the Air by Taking Advantage of Their Geographical Position? [subhead]

Mistakenly, the Vietnamese authorities believed that geographically, the Nansha Islands were closer to Vietnam than Mainland China, and that they could easily win the sea battle by taking advantage of their geographical position. They surely had underestimated the combat effectiveness of the Chinese Navy. On the other hand, the Vietnamese Air Force lacked experience, as well as training, in maritime actions. They would not dare command its planes to take off to help in the battle. Therefore, despite the advantages of its geographical position, it had no advantages to speak of in the air, and could not contend with the powerful Chinese Navy.

New Trend of the Vietnamese Side [subhead]

The Vietnamese authorities dropped the stone on their own feet. At present, however, they have mobilized their media to start a new anti-China wave. Apart from "protesting against" and "warning" China through diplomatic channels, they have held mass rallies at home to denounce China's "aggression." On 28 March, Vietnamese Foreign Minister Nguyen Co Thach expressed Vietnam's hope to talk with China on the Nansha issue, but the Chinese side rejected the offer. On the one hand, Vietnam is mobilizing domestically, establishing its headquarters in the south, and sending its planes over the Nansha Islands frequently, to play tough with China. On the other hand, it is complaining everywhere in the world, playing the role of the pitiful prey. Especially, it has notified the Philippines, Malaysia, and Indonesia as well as the Soviet Union and East European countries of the situation. In addition, it has also sent a letter to the UN Secretary-General in an attempt to internationalize the Nansha dispute.

However, despite the wide-scope of Vietnamese activities, no positive repercussions worth our attention are on the horizon. With the exception of Laos and Kampuchea, no other countries have openly expressed their support of Vietnam to date. What the Soviet Union, the "big brother" did was simply relay the Vietnamese Foreign Ministry's statement, without speeches in support of Vietnam.

Taiwan Watched Coolly How Things Developed [subhead]

The two shores of the strait share the same position on the issue of territory. The KMT Government in Taiwan has all along claimed sovereignty over the Nansha Islands. In fact, Taiwan continues to occupy the largest of them, Taiping Island. In the recent sea battle, Taiwan adopted the policy of standing by, but watched coolly how things developed. In answering the inquiries of "Legislative Yuan" members, Minister of National Defense, General Cheng Wei-yuan said, the KMT Army would not get itself involved in the Sino-Vietnamese

conflict. However, the sovereignty of the Nansha Islands belonged to China. Taiwan took the position of upholding and defending its sovereignty over these islands, and Taiwan's Army stationed in the Nansha Islands imposed martial law to guard against any sudden change in the state of affairs. Regarding present conditions, martial law would never aim at "the compatriots in the mainland" in a contradiction with a foreign nation, that needs no explanations whatsoever.

China's Low-Key Attitude [subhead]

Viewing the reaction after the battle, the Chinese side has displayed great self-restraint toward this incident, contrary to how things were handled in 1974 when publicity was carried out in "a big way." For the recent battle, the Chinese press circles did not cover the action and its results on a wide scope, apart from the several statements and notes of the Ministry of Foreign Affairs and a RENMIN RIBAO commentator's article. The 31 March talk of PLA spokesman, as published by NEW CHINA NEWS AGENCY on the truth of the confrontation, obviously served as an answer to Vietnamese propaganda.

The Warships Participating in the Battle Are at Rest and in Reorganization at Yulin Military Harbor [subhead]

The author has learned that the Chinese warships participating in the recent battle are at rest and reorganizing at Yulin military harbor. A 1 April "JIEFANGJUN BAO" report covered the mass meeting to welcome those participating in the battle, to celebrate the victory, and to commend heroic feats of the Chinese Navy. However, no signs showed that large number of journalists had left for Hainan to cover the meeting, nor was there any report revealing anything exceeding official talks.

China has adopted a low-key attitude toward the recent battle for the following reasons:

First, the NPC and CPPCC meetings was under way when the battle took place; China would not let such a small incident to weaken the atmosphere of those two meetings;

Second, the disputes over the sovereignty of the Nansha Islands also involve the Philippines, Malaysia, and Indonesia, and have been rather sensitive. China should not talk too loud about it in publicity;

And third, China has actually won the battle, but would like to restrict the scope of the state of affairs, without making it internationalized;

It seems that China has stuck to the principle of "being reasonable and beneficial with restraint," and "stopping as soon as some good effects are achieved." The key is to continue to expand the strength of its Navy, and to keep a close watch at future development.

The significance of the Chinese Navy's recent victory in the South China Sea lies in that fact that part of China's Nansha Islands has been recovered; at the same time, it has shown to the world the determination and capability of the Chinese Government in safeguarding its territory.

Program Outlines New Foreign Trade System

OW210318 Beijing XINHUA in English 0614 GMT
20 APR 88

[Text] Beijing, April 20 (XINHUA)—Foreign investors work out a system under which foreign trade corporations can act as agents for enterprises that wish to import and export goods, and set up more markets for foreign exchange. [sentence as received]

The program says that this year China is to develop production of substitutes for imports.

Management authority over most export commodities will be delegated to lower levels. But raw materials and commodities which are exported on limited quotas will continue to be directly managed by the central government.

China's open policy should focus on developing the productive forces, upgrading China's technology and increasing earnings in foreign currency, according to the overall program.

It is necessary to strengthen macro-control over the introduction of foreign investment and technology and open foreign-funded projects in line with the needs of China's economic construction.

A new system that coordinates the introduction of foreign investment and technology, tourism, contracted projects and labor services should be gradually formed, it says.

More Bonded Factories for Imports Planned

OW210324 Beijing XINHUA in English 1501 GMT
19 Apr 88

[Text] Beijing, April 19 (XINHUA)—China's Light Industry Ministry and General Customs Administration have just decided to set up a group of bonded factories which will handle the processing of imported materials and parts for 21 enterprise groups.

Kang Zhonglun, vice minister of light industry, called the decision "a breakthrough in China's on-going reform of the foreign trade management system, and an important step in carrying out the country's economic development strategy for coastal areas."

To date, Chinese enterprises have had to pay tax and import service charges when buying foreign materials and parts to manufacture export commodities, and when the finished products are shipped abroad, the Customs Administration refunds the tax, Kang explained.

But, he said, this refund usually went to the Export Administration Department, and not the manufacturers, so many factories were not interested in producing export commodities.

These new bonded factories will offer preferential policies to enterprises who produce export commodities, Kang said, with these enterprises exempt from either the tax when importing raw materials, or export taxes when the products shipped abroad.

If some of the products are sold on the domestic market, Kang went on, enterprises will then have to pay the tax and any value-added taxes.

A Light Industry Ministry official said, more bonded factories to handle the processing of imported materials will make enterprises more profitable, simplify import-export procedures, facilitate fund circulation, and cut costs.

The first 21 enterprise groups selected to be converted into bonded factories include more than 100 factories which now produce refrigerators, washing machines, bicycles, clocks and watches, toys, carpets, foodstuffs, leather goods, and handicrafts.

This is the first time for China's Light Industrial Department to set up so many bonded factories, the official said, adding that, as of the end of last year, China had set up 852 bonded enterprises on a trial base which have proved to be successful.

One shoe factory in China's Fujian Province, which was on the verge of bankruptcy, cut production cost by 11 percent in only 3 years after becoming a bonded factory, while a Shanghai toy factory also cut cost 35 percent, and greatly boosted export income after receiving bonded status.

New Program To Control Fixed Assets Investment

OW210336 Beijing XINHUA in English 0647 GMT
20 Apr 88

[Text] Beijing, April 20 (XINHUA)—China will control investment in fixed assets and the growth of consumption funds this year, according to the overall program worked out by the State Commission for Restructuring the Economy.

The program says that such a control will be effected through various economic and legal means.

Governments and departments at all levels are asked to support the banks in establishing a strict and scientific investment system and checking excessive growth in investment.

As for management over the consumption funds, the general principle is to increase the living standards of the people in line with the development of production. The

actual increase in the income of the urban and rural residents should not exceed the growth of state revenues, and the average increase rate of the wages and other income of the workers and staffers should be lower than the production growth rate.

With respect to the price reform, the program says comprehensive supplementary measures will be taken to control the rise of prices and put a stop to arbitrary price hikes. It urges for achieving a balance between total supply and demand and stabilizing markets.

Slows in 1988 First Quarter

OW210452 Beijing XINHUA in English 1508 GMT
19 Apr 88

[Text] Beijing, April 19 (XINHUA)—“Investments in China's fixed assets slowed in the first quarter of this year, but the number of new projects is still too high,” said Zhang Zhongji, spokesman for the State Statistics Bureau.

According to Zhang, investment in fixed assets by state enterprises during the first 3 months of this year was 19 billion yuan (5.1 billion U.S. dollars), an increase of 11.3 percent over the same period last year, but lower than the 26 percent growth rate in the first quarter of 1987.

Of the total, capital construction investment was 13 billion yuan (3.5 billion U.S. dollars) and that spent on technological upgrading was 6 billion (1.6 billion U.S. dollars), which are increases of 10.8 and 12.5 percent respectively, he said, but actual construction completed was more or less the same as last year's, even with price adjustments figured in.

The portion of investment in production-related projects climbed from 75 percent in the first quarter of 1987 to the present current 78.5 percent, while that spent on nonproduction-related projects dropped to 21.5 percent from last year's 25 percent.

In capital construction investment, Zhang said, the percentage going to the energy industry rose from 24.5 percent to 33.8 percent, and that allocated to the raw materials industry grew from 16.1 to 21.8 percent.

According to the spokesmen, 1,832 new projects were started in the first 3 months of this year, which was 641 less than the same 1987 period.

But, Zhang pointed out, many localities are demanding new projects and tighter control is needed.

Investment To Focus on Infrastructure Projects

OW210258 Beijing XINHUA in English 0533 GMT
20 Apr 88

[Text] Beijing, April 20 (XINHUA)—Most state investment this year will focus on state budgeted infrastructure projects, according to the program made by the State Commission for Restructuring the Economy and approved by the State Council.

But, the program said, investment in infrastructure should not be excessive. Investment should mainly be for key projects specified in the Seventh Five-Year Plan (1986-1990). The program added that local governments should use their funds to build up basic industries and infrastructure.

A small number of specialized investment corporations should be set up this year to invest in energy, raw materials, transportation and agriculture.

The program recommended that materials departments under the various ministries should gradually be incorporated into the ministry of materials.

The program also advised that a futures exchange should be set up and supply and marketing cooperatives reformed to convert them into non-governmental institutions.

Zhang Zhongji on China's Economic Development

OW210138 Beijing XINHUA Domestic Service
in Chinese 1208 GMT 19 Apr 88

[Text] Zhang Zhongji, spokesman for the State Statistical Bureau, told Chinese and foreign journalists today: Since the beginning of this year, China gained a strong momentum in developing its entire national economy. Industrial and agricultural production continued to grow, and the circulation of commodities was further expanded. The volume in export and import also increased on a large scale. However, there are also some fairly acute problems in our economic activities at present.

During this quarter, the total industrial output value reached 264.6 billion yuan. In the figure, the rate of growth for heavy industry is 16.9 percent, slightly higher than the 16.6 percent growth rate for light industry. The production of readily marketable products on the market, major raw and other materials and other means of production such as products in support of agriculture grew quite rapidly, while the production of products in excess supply dropped. The total electric energy production and the railway freight handling capacity in the country for the first quarter rose by 12.7 percent and 8.6 percent respectively over those in the corresponding period last year.

Between last winter and this spring, various localities, in an effort to strengthen capital construction work for farming, mobilized people to put in 2.76 billion work days; moved 3.54 billion cubic meters of stone and earth; added new irrigational facilities and improved and restored irrigation on more than 58 million mu of farmland; transformed more than 21 million mu of low-yield farmland; and controlled soil erosion on more than 17 million mu of farmland. The total amount of means of production for farming purchased by peasants during the first quarter of this year increased by a fairly large margin as compared with that for the same period last year. However the supply of means of production for farming such as insecticide and plastic sheets falls short of demand.

The volume of retail sales for the first quarter was 170.2 billion yuan. In real terms the increase was about 11.1 percent after adjustment for the rise in the cost of living index. There was a fairly large increase of commodities in stock for trading on the domestic market. In the figure, the total amount of grain crops in stock grew by 16.1 percent, and the volume of edible vegetable oil, eggs, and aquatic products in stock increased by varying degrees.

According to customs statistics, China's export volume in the first quarter of this year was U.S.\$8.92 billion and its import volume, U.S.\$9.55 billion, 22.4 percent and 14.8 percent more than that for the same 1987 period respectively. More foreign funds were being used. There have been more production projects using foreign funds.

Zhang Zhongji said: Right now, the major problems in our economic life are excessive price hikes and the excessively rapid expansion of group purchasing power. In addition, various localities paid much attention to output, speed, and profit after the implementation of the contracted business system. However, they have not paid due attention to quality and safety in production.

The State Statistical Bureau maintained: In the days to come, we must continue to pay full attention to industrial and agricultural production, and strengthen macro-control. We should resolutely stop the trend of erratic price hike, and further strengthen our control over the social needs so as to ensure a sustained and steady growth in our economy.

Financial Markets Becoming Interconnected
*OW202341 Beijing XINHUA in English 1330 GMT
17 Apr 88*

[Text] Beijing, April 17 (XINHUA)—China's financial markets are becoming interconnected through establishment of a nationwide multi-level network of capital movement, "CHINA DAILY" reported today.

This represents a significant advance in domestic banking system, the paper said.

There are now many financial markets, which appeared only several years ago, in most parts of the country.

The network, shaped like a cross with Wuhan at the center, links provinces and cities from Harbin in the north to Guangzhou in the south and from Chengdu in the west to Shanghai in the east.

Many cities have set up their own lending and borrowing systems. Last year, the country's inter-bank borrowing and lending amounted to more than 200 million yuan.

The value of stocks and bonds issued nationwide was 64.63 billion yuan by the end of last year. Among them state treasury bonds amounted to 35.4 billion yuan; bonds for key construction projects, 5.23 billion yuan; bonds issued by large state-owned enterprises, 2.26 billion yuan; bonds issued by banks, 8.5 billion yuan; and bonds issued by local enterprises, 12.74 billion yuan.

Stocks worth 500 million yuan were issued by enterprises. Wuhan pioneered the securities business in August 1986. Now more than 40 cities have followed suit, and the combined business volume exceeded 100 million yuan last year. About 90 percent was direct transactions and the rest through agents.

The State Council recently issued new provisions to tighten control over the issuing of stocks and bonds by enterprises.

Stocks will be issued by a few collectively-owned enterprises on a trial basis under the strict supervision of financial institutions. State-owned enterprises are not allowed to sell stocks publicly, but can issue bonds according to provisional regulations which require approval from the People's Bank of China.

The State Council also asked local governments to improve their existing stock market. Some difficulties will be allowed to have one more child after a certain period, depending on the age of the parents. But no one is allowed to have a third baby, Peng said.

However, all leaders, workers and city dwellers should have only one child if there is no special excuse, Peng reaffirmed.

There will be special policies in the ethnic minority areas, Peng said.

University Graduate Job Placement Discussed
*HK211344 Beijing ZHONGGUO XINWEN SHE
in Chinese 0240 GMT 21 Apr 88*

[Text] Beijing, 21 Apr (ZHONGGUO XINWEN SHE)—The system of centralized placement of university and college graduates has become unsettled in the ongoing reform to eliminate the "big pot" in Mainland

China. The difficulties in placing university and college students have become a knotty problem for institutions of higher learning which should not be ignored.

The state has been responsible for assigning jobs to university and college graduates since the founding of the PRC. During the early 1950s and 1960s, it was common for graduates to respond to the state's call of "going to the countryside, to the border regions, and to places where the state needed them most." In recent years, however, an increasing number of graduates are reluctant to leave the large cities and large enterprises. As the number of graduates in large cities and large enterprises has progressed to a level of saturation and very few of them are willing to go to small and medium sized cities and enterprises and to the remote areas, the contradiction between the supply and demand of qualified personnel has become increasingly acute.

Of the graduates placed by Beijing last year, the user units sent 650 back to the universities and colleges. As a result, these institutions of higher learning had to assign jobs to them again which increased the difficulty of the placement work. This phenomenon was not typical in Beijing. Almost all the key institutes of higher learning encountered the same problem.

We do not produce too many graduates for the social demand. The problem is that the user units do not want any more of the graduates who are eager to get jobs there, while the graduates are not willing to go to the units where they are needed most. According to a survey conducted in Beijing last year, the graduates assigned were sent back to Beijing mainly by the large cities of other provinces and the large units in Beijing rather than the small and medium sized cities and the small and medium sized enterprises in Beijing suburbs. The latter badly needed qualified personnel and suffered from having no graduates assigned to them over the years.

The phenomenon of graduates sent back to universities and colleges is an indication calling for the reform of the placement system. The ongoing reform of the placement system has extended the powers of the user units. In the past they had to accept all graduates assigned by the universities and colleges. Now they can select according to their needs. Instead of quantity, they want better quality graduates. Moreover, a number of units have refused to accept graduates with poor health or poor academic records.

With the deepening of reform and the door opened wider to the outside, the requirements for graduates have also changed. A number of enterprises expected implementation of the "two-way system," that is, buying and selling in a commodity economy, in assigning jobs to graduates. In this regard both the user unit and the graduate should have the opportunity to make a choice. According to this method, if a student wants to get a good job, he must

study hard and acquire better qualifications. Some directors said that factories do not like most the intellectuals who are fastidious but incompetent and who disdain minor assignments while being quite unequal to major tasks.

Many people who are concerned with the matter have proposed ideas to resolve the contradiction between the supply and demand of graduates. Although new technologies and industries have emerged one after another and scientific subjects and specialized trades have become more elaborate, university courses are not offered according to specific products and production. The students trained in this manner lack adaptability. University courses should be offered in light of social needs. By doing so the institutions of higher learning will have no difficulties in placing their graduates.

This problem will remain unsettled before the placement system is thoroughly reformed. Nevertheless, the State Education Commission is now trying out a solution. The commission has decided that the university and college students enrolled next and graduated in 1993 may find jobs at their will mainly through the labor market. The institutions of higher learning will provide the user units with the information of the students one year before their graduation, while the user units will also put forth their requirements to the universities and colleges. The graduates may make their choice from a list of units, while the institutions of higher learning will submit a letter of recommendation. After an examination or interview arranged by the user unit, the graduate will have to sign a contract before being employed.

Following the completion of the economic reform, a new placement system for university and college graduates will inevitably embark on the normal track.

Water Conservancy Minister on Flood Control Plan
OW211044 Beijing XINHUA in English 1342 GMT
20 Apr 88

[Text] Beijing, April 20 (XINHUA) — The Minister of Water Conservation Yang Zhenhuan has called on local governments to take the necessary preventative measures to help the country make it safely through this year's flood season.

This year, most areas in China are expected to have more precipitation than usual, said Yang, who is also deputy head of China's Central Flood Control Headquarters, at the office's first 1988 meeting today.

According to Yang, as of April 1, the country's 307 large reservoirs had stored 98.6 billion cubic meters of water, 10.6 billion more over the same period last year and 20.7 billion more than the annual average for many years.

"Large amounts of water in storage and high water levels are good generating electricity and maintaining water supplies," Yang explained, "but this situation is also a potential threat to safety."

This year, attention should be focused on the Haihe River, the middle reaches of the Yellow River, the middle and lower reaches of the Yangtze River and northeast China, the newly-pointed minister said.

In addition, he went on, local authorities need to be on the look out for possible draught on the Yellow and Huaihe Rivers, and in South China and the Inner Mongolia Autonomous Region.

"The key problem in flood control is some individuals and departme have become less vigilant and have cut the annual amount spent on prevention," Yang said.

About 30 percent of the country's 82,000 reservoirs are either in dangerous state or require repairs, Yang said, adding as of the end of 1987, only four of the country's 43 most dangerous reservoirs had been corrected.

For a long time, flood-diversion safety measures have been neglect and flood water storage areas have been designated only for extremely large floods, Yang said, while technological measures have not been strengthened, and flood-fighting organizations are weak.

Yang insisted water laws be enforced as part of the overall flood control plan, and that preventative measures in the country's cities and mining areas be stepped up.

Yang is also requiring flood control headquarters at all levels to clear away any obstacles which may be blocking the country's major rivers.

Forged Foreign Currency Found in Beijing
*OW201324 Beijing XINHUA in English 1022 GMT
20 Apr 88*

[Text] Beijing, April 20 (XINHUA)—Counterfeit foreign bank notes are regularly discovered in Beijing, according to a report in today's overseas edition of the "PEOPLE'S DAILY".

Most are forged American bank notes, and are discovered when banks accept foreign currency savings deposits from individuals.

In 1987 alone, there were more than 100 cases involving forged foreign bank notes, the paper said.

Though the forged notes are different in paper texture from legal notes, it is difficult for most people to tell them apart because the printing ink and fluorescent powder used look very similar. The paper said these notes are brought in from abroad.

East Region

Jiang Zemin on Shanghai's Export Economy *OW210956 Beijing XINHUA in English 0724 GMT 21 Apr 88*

[Text] Shanghai, April 21 (XINHUA)—Expanding an export-oriented economy is a fundamental way of invigorating Shanghai, China's leading manufacturing center, according to Mayor Jiang Zemin.

Addressing the annual session of the municipal People's Congress here Wednesday, the mayor said that the city's target by 1990 is to reach annual exports of six billion U.S. dollars, up from 4.16 billion U.S. dollars in 1987.

In the next five years, he said, Shanghai will concentrate on developing pillar industries and enterprise groups to turn out more competitive products on the international market.

He emphasized the need to use foreign funds to upgrade traditional industries, develop new products and promote advances in science and technology.

Jiang, who is a member of the Political Bureau of the Chinese Communist Party Central Committee, also urged aid to rural factories and urban collective enterprises in expanding production of labor-intensive commodities for export.

Efforts will also be made to boost exports of technology-intensive products, farm and sideline products, labor services and the tourist industry.

The mayor pledged to raise the ratio of export goods to the value all Shanghai's commodities from the present 30 percent to more than 40 percent, he said.

"We should buy raw materials for production of export commodities from the international market and use foreign funds for most major urban construction projects," he told the session.

The city's projects to involve foreign funds include the first phase of a subway, a bridge across the Huangpu River, a waste water treatment plant, an international passenger dock and international airport terminal.

These projects will be completed in the next five years, Jiang said.

Shanghai plans to attract at least 700 million U.S. dollars in foreign funds this year.

Meanwhile, Zhu Rongji, newly-appointed deputy secretary of the Shanghai Municipal Committee of the Chinese Communist Party, invited business people from Hong Kong and Macao to invest in Shanghai.

Zhu pledged to improve Shanghai's investment conditions while meeting here yesterday with 15 Hong Kong and Macao members of the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference.

Shanghai CPPCC Supervises Government Work *OW210506 Beijing XINHUA in English 0820 GMT 20 Apr 88*

[Text] Shanghai, April 20 (XINHUA)—The Sixth Shanghai Committee of the Chinese People's Political Consultative Conference (CPPCC) has made it a point to supervise local government work during its five-year term, said a senior official of the committee here today.

Addressing the First Session of the Seventh Shanghai CPPCC Committee, Mao Jingquan, vice-chairman of the committee, said that among the many suggestions raised by committee members, those on 50 major issues have been given serious consideration by the State Council, China's highest governing body, and the municipal government.

CPPCC Committee members, he said, joined government officials in investigating major accidents and hepatitis epidemic last year and earlier this year.

They made suggestions concerning the building of a subway and a bridge over the Huangpu River, which have been adopted by the city government. Their opinions on the transfer of land-use rights and commercialization of housing have also been proved valuable.

The State Council has incorporated their suggestions in making policies concerning foreign investment and the import of advanced technology, Mao added.

The current eight-day CPPCC committee session was attended by 685 members, including 411 new faces. And 64 percent of them are non-communist members.

IDD System Established in Zhejiang City *HK200140 Beijing ZHONGGUO XINWEN SHE in Chinese 0226 GMT 16 Apr 88*

[Report: "IDD Put Through in Wenzhou"]

[Text] Wenzhou, 16 Apr (ZHONGGUO XINWEN SHE)—Recently, Wenzhou City established an international direct dialing [IDD] system; people now can make a direct telephone call to more than 200 cities in over 20 countries.

The international direct dialing system was put through in Wenzhou when telephone communications were very busy there, and the city got the help from Fujian Province in the installation of this system. Wenzhou is now connected to the telecommunications networks of various countries through the international communications computer system in Shanghai. At present, the general

post office of the city offers the IDD service. At the same time, individual telephone users can apply to connect their telephones to the new system.

Central-South Region

Guangdong Sets Up Joint Defense Organ

HK210557 Guangzhou Guangdong Provincial Service
in Mandarin 0300 GMT 20 Apr 88

[Text] The Guangdong provincial Army-police-civilian joint defense leading organ was set up yesterday morning. Governor Ye Xuanping is director of the group, and the deputy directors are Vice Governor Ling Botang and Guangdong Military District Commander Zhang Juhui and Political Commissar Xiu Xianghui.

A meeting of the joint defense leadership group yesterday afternoon discussed and decided on the tasks, duties, and work systems of the organ, and discussed and revised a number of regulations on Guangdong's Army-police-civilian joint defense. They also decided on some important issues concerning the establishment of a comprehensive defense setup for the new period, comprising the party, government, Army, police, and people, and the convening of the province's first coastal defense conference in early May. Vice Governor Ling Botang presided and spoke at the meeting.

Guangdong Congratulates Hainan on New Status

HK210425 Guangzhou Guangdong Provincial Service
in Mandarin 0930 GMT 19 Apr 88

[Text] The Guangdong Provincial CPC Committee and people's government recently cabled the Hainan Provincial CPC Work Committee and the Hainan provincial people's government on the establishment of Hainan Province.

The cable said: The establishment of Hainan Province is of great significance for expanding China's efforts in opening up to the world, speeding up Hainan Island's development and construction, promoting reforms and construction in the whole country, strengthening nationality solidarity, and promoting the reunification of the motherland. The people of Guangdong and Hainan have established strong revolutionary friendship over the long period of revolution and construction. Following the establishment of Hainan Province, this revolutionary friendship is bound to be further consolidated and strengthened. In the future, we will continue to be concerned for Hainan's successes, and will continue to strengthen and develop the close ties and cooperation between the two provinces, advancing hand-in-hand in making unwearying efforts to attain the goal set by the 13th party congress, speed up China's socialist modernization, and promote the prosperity and development of the two provinces.

Guangxi Announces Policies for Foreign Investors

HK210249 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 20 Apr 88

[Excerpts] The Guangxi regional people's government held a press briefing in Shenzhen on 19 April to announce the policies concerning the southeastern Guangxi economic open zone. During the briefing, the government introduced the situation and measures of the region in speeding up its effort to open up to the world and implementing the coastal economic development strategy. It also announced the preferential policies for foreign investors and Hong Kong and Macao compatriots who invest in Guangxi. [passage omitted]

Regional government Chairman Wei Chunshu spoke at the briefing. He said that the main features of the preferential policies for foreign investors and Hong Kong and Macao compatriots investing in Guangxi are: There is exemption from local income tax and construction tax for all commodity export enterprises, advanced technology enterprises, infrastructure enterprises such as those exploiting energy sources and promoting communications and port construction, agriculture, forestry, animal husbandry, and fishery enterprises, and enterprises established in the coastal port cities, the economic open zone, and mountain area counties, and the exemption also applies to income derived from transferring the fruits of science and technology to the region; charges for the use of land and for the necessary infrastructure facilities for foreign investor enterprises set up in the region may be reduced or waived; no unit is permitted to impose extra charges on foreign investor enterprises or raise the level of charges without the permission of the state and local people's government; the customs units will, in accordance with the approved documents and contract stipulations, exempt from import and export licences imported raw materials, machine parts and so on used in enterprises run as investment or cooperative ventures by foreign investors or Hong Kong, Macao, or Taiwan compatriots for developing the processing and assembly of imported raw materials; there will be import tax exemption for materials imported by foreign businessmen for the processing or assembly of imported raw materials, machine parts, and so on, according to the actual amount processed and exported; foreign exchange regulation will be relaxed, and enterprises run as investments by foreign businessmen can adjust foreign exchange surpluses or deficits through the region's foreign exchange regulating center; regulated prices can float in accordance with the situation in supply and demand in foreign exchange; foreign businessmen can cooperate with city and county enterprises in the coastal region, expand the fleets, and develop coastal and ocean transport; simultaneous operation by a number of different companies is permitted; foreign investor enterprises will enjoy freedom in commissioning transport, and so on.

In conclusion, Wei Chunshu welcomed foreign investors, Overseas Chinese, and Hong Kong, Macao, and

Taiwan investors to invest in Guangxi, and come to discuss trade and view the scenery. [passage omitted]

Hainan To Be Petrochemical Center

*OW210328 Beijing XINHUA in English 0642 GMT
20 Apr 88*

[Text] Beijing, April 19 (XINHUA)—Oil-rich Hainan Island will be built into a major petrochemical production center in China, according to Shang Zhizhong, general manager of the Hainan Branch of the China National Offshore Oil Corporation (CNOOC).

As well as an oil refinery, three synthetic ammonia plants with a total annual production capacity of 1.1 million tons will be built to produce chemical fertilizers such as urea.

Hainan, which became a new province earlier this month, will also build a chemical plant to produce 200,000 tons of methanol a year, and another to produce ethyne and caustic soda products.

Work will begin soon on a titanium white plant with an annual production capacity of 50,000 tons and a 500,000-kw gas power plant. Three gas pipelines will be laid across the island from Sanya in the south to the island's capital, Haikou, in the north.

Shang Zhizhong said that these projects, which have been included in Hainan's development plan, will be launched in the form of Sino-foreign joint ventures or cooperative businesses.

He said that the US ARCO company had signed an agreement with CNOOC in 1982 to explore, develop and produce gas in part of the Yinggehai Basin offshore area of South China Sea.

To date, 55 square kilometers of gas-containing structures with 70 billion cu m of recoverable gas have been verified in that area.

A French company, Total Petroleum Corp, and an Australian company have also been cooperating with the Hainan branch in search of oil, he said.

Henan To Hold Regular Briefings on Environment

*OW210918 Beijing XINHUA in English 0828 GMT
21 Apr 88*

[Text] Beijing, April 21 (XINHUA)—Journalists in Henan Province have called on the government to encourage the press and media to highlight issues of environmental protection, according to today's "CHINA ENVIRONMENT NEWS".

The provincial government has responded by agreeing to hold regular press conferences to brief the work on environment protection, added the paper.

Henan is one of the provinces facing acute problems of pollution a environmental damage caused by the growth of the rural economy.

Hunan Urges Discussion on Productive Forces

*HK210151 Changsha Hunan Provincial Service
in Mandarin 0000 GMT 21 Apr 88*

[Text] The Hunan Provincial CPC Committee recently decided to conduct extensive and systematic education in the party's basic line throughout the province and to launch among the cadres a discussion on the productive forces criterion.

Commenting on the Propaganda Department's views on arrangements for this study and discussion activity, the provincial party committee stressed that the focus in studying the 13th National CPC Congress documents and carrying out education in the party's basic line is on further emancipating the mind. Cadre discussion of the productive forces criterion in conjunction with Hunan realities, and ensuring that the concept of the criterion of the productive forces will take firm root in the minds of the cadres at all levels, especially at and above county-level, are the keys to further emancipating the mind. They are also a powerful motive force for speeding up and deepening the reforms and further stabilizing the economy, thus enabling still greater liberation of the social productive forces.

Based on investigation and study, the party committees at all levels must seriously organize and lead this discussion well and conduct education in the party's basic line in depth.

The views of the provincial party committee's Propaganda Department pointed out: The key to carrying out systematic education in the basic line and further liberating the productive forces lies in launching the discussion on the productive forces criterion. Through this discussion, we should reach the goal of further emancipating the mind, bracing spirits, opening up new lines of thought, promoting policymaking, and stimulating the development of the productive forces.

North Region

Hebei Records Progress in Work-Study Program

*SK210745 Shijiazhuang Hebei Provincial Service
in Mandarin 2300 GMT 6 Apr 88*

[Text] Schools of various localities throughout the province have extensively carried out the work-study program in line with their local conditions by harvesting cotton and making straw ropes or by opening enterprises through building plants. They have achieved prominent development in the program. The province's net income earned from this in 1987 reached more than 115 million

yuan. Of this income, those used for additional education funds reached almost 60 million yuan which promoted the development of the province's educational undertakings.

The province has 55,658 middle and elementary schools. In 1987, schools which engaged in the work-study program totalled 51,855 and the number of plants run by the schools reached to 4,311; farms 17,495; and tertiary industrial networks and centers totalled 3,059. Economic results showed a large-scale increase. The 1987 gross output value of schools in the production of industry, agriculture, and tertiary industry reached almost 400 million yuan and their net income earned from these production reached more than 115 million yuan, a 50.36 percent increase over the 1986 figure.

Along with the development of the work-study program, these schools have improved their conditions of running schools and upgraded the pay of teachers. The province's funds used for making education popular in 1987 were about 700 million yuan and its income earned from the work-study program accounted for about 15.5 percent. The province's public funds used for making education popular were about 100 million yuan and its income earned from the work-study program almost reached 60 million yuan which accounted for about 59.8 percent.

Nei Monggol's Wang Qun on Flow of Talent
SK210735 Hohhot NEIMENGGU RIBAO in Chinese
2 Apr 88 p 1

[Excerpts] To strengthen the close cooperation between science and technology and economy and to realize the region's strategic economic development priorities and short-term fighting goals, we must decontrol and vitalize scientific research organs, science professionals, and technicians. This was the key subject discussed at the 5-day regional scientific and technological work conference.

Wang Qun, secretary of the regional party committee, set forth his own opinions on this subject in his speech at the conference.

He maintained that our region should link science and technology with production to promote scientific and technological work. He pointed out that we must attend to the four tasks in order to realize the cooperation between science and technology and production. The four tasks are as follows: We must regard scientific and technological findings as commodities, impartially appraise scientific research results, grasp the standards for correctly appraising skilled persons, and give instructions according to reasonable policy measures.

He maintained that decontrolling scientific research organs, science professionals, and technicians is the key to conducting scientific and technological structural reform; and "delegating powers" to them is an indispensable means. He said: "It is difficult to avoid some

problems or even some small disturbances in the course of delegating powers to scientific research organs, science professionals, and technicians. We must not be afraid of these problems and disturbances, but should work positively and steadily and do our best to reduce and even avoid the troubles that will possibly take place. The ideas of not daring to delegate powers for fear of having problems are not different from the idea of giving up eating for fear of choking. We must not have such kinds of ideas."

Wang Qun discussed the issue concerning the reasonable flow of skilled people. He maintained that permitting import but no outflow of skilled people is, in reality, blockade practice. He asked if all localities, departments, or units do this, aren't the sources of skilled persons blocked or can we begin to talk about reasonable flow of skilled people? He said: "At present, there is a question of 'rigid control.' Only when reasonable flow of skilled people is ensured can we vitalize scientific research organs, science professionals, and technicians. Therefore, the flow of skilled people is reasonable."

Regarding remuneration for science professionals and technicians on the basis of contracts, Wang Qun said: "Only when the payment is reasonable and is conducive to arousing the enthusiasm of the vast number of science professionals and technicians should we resolutely ensure the payment to the letter."

Wang Qun said: "The opinions and methods that are conducive to arousing the enthusiasm and creativeness of science professionals and technicians and to developing productive forces should be affirmed and supported. The opinions and methods that are not conducive to arousing the enthusiasm of science professionals and technicians or to developing the productive forces should be negated and opposed." [passage omitted]

Attending the regional scientific and technological work conference sponsored by the regional government were responsible people of the regional Scientific and Technological Commission, the regional Science Cadres' Bureau, regional departments and bureaus concerned, scientific research institutions subordinate to the region, scientific research offices of some universities and colleges, scientific research offices of the central authorities stationed in Nei Monggol, and all league and city administrative offices (governments.)

During the conference, Comrade Wang Qun also held talks with some participants on the issue concerning "decontrol." [passage omitted]

Also attending the conference were some regional leaders, including Qian Fenyong, Liu Zuohui, Zhao Zhihong, Zhang Cangong, Liu Zhenyi, and Baoyan Batu.

Northeast Region

Liaoning Governor Discusses Developing Liaodong *SK210359 Shenyang Liaoning Provincial Service* *in Mandarin 2200 GMT 18 Apr 88*

[Text] Governor Li Changchun spoke at the meeting of advisers on economic affairs, the provincial party committee and government on 15 April in Beijing. In his speech, he pointed out that Liaodong Peninsula should set a sight on the actual conditions of Liaoning Province to achieve coordination in five fields.

First, we should coordinate the work of putting the supply of raw materials and the marketing of products on the world market. In the process of developing the export-oriented economy, we should do a good job in putting both ends of the production process on the world market and make the most of the province's natural resources.

Second, we should coordinate the "two fists." That is, we should bring into play the new forces of town and township enterprises as well as make the most of the province's advantages of having more state-owned large and medium-sized enterprises.

Third, we should coordinate the vigorous development of exports to create foreign exchange with the vigorous development of export substitutes. Liaoning has a considerable number of basic industries and raw material industries. As a result, it is impossible for the province to only develop industries to create foreign exchange through exports. Therefore, we should aim at the country's import orientation to vigorously develop import substitutes.

Fourth, we should closely link deepening reform with opening the country to the outside world, ensure the opening to the outside world through deepening reform, and ensure reform promotion through opening to the outside world.

Fifth, we should link the opening of Liaodong Peninsula to the outside world with the lateral economic cooperation among the vast hinterland.

Only when we achieve the coordination in these five fields can Liaodong Peninsula bring its advantages into play.

Shenyang Residents Buy Life Insurance Policies *OW210420 Beijing XINHUA in English 1453 GMT* *19 Apr 88*

[Text] Shenyang, April 19 (XINHUA)—To date, 2.5 million or about half the residents of Shenyang, one of northeast China's heavy industrial centers, have taken out life insurance policies.

The local insurance company offers 15 different kinds of policies, and now leads the nation in the number of life insurance policies sold to individuals.

At the city's 5,000 collectively-owned enterprises more than 700,000 workers have taken out unemployment and bankruptcy insurance, with these enterprises also providing group insurance and pension plans to 160,000 retired contract workers.

Workers at Shenyang's explosion-proof apparatus factory, the country's first enterprise to go bankrupt, were the first to file for unemployment compensation under insurance policies.

The firm's 83 employees over the age of 55 received monthly retirement pensions from the local insurance company, and another 28 were paid living allowances while they looked for a new job.

"The country's ongoing economic reform has more individuals and enterprises sharing the risk with the state," the manager of the Shenyang Insurance Company said, "so insurance is becoming indispensable as these risks increase."

Wu Disheng, mayor of Shenyang, praised the insurance institutions for their "stabilizing role in the economic reforms."

Insurance first appeared in China in the early 1950's, but was banned as a result of the leftist tendency in 1958 and completely disappeared during the "Cultural Revolution" (1966-76).

In the past, without the benefits of insurance, the masses had to rely on the government for help when they were faced with difficulties.

Northwest Region

Gansu Imports Technology for Light Industry *OW211022 Beijing XINHUA in English 0915 GMT* *21 Apr 88*

[Text] Lanzhou, April 21 (XINHUA) — Over the past five years, Gansu Province has imported technology and equipment worth 300 million U.S. dollars for its light industry, said officials.

The equipment has been used to make such diverse products as carpets, garments, color TV sets, washing machines, tape recorders and cameras.

When all projects using imported equipment begin producing, Gansu will be able to produce an additional 680,000 garments, 200,000 washing machines, 300,000 color TV sets, 200,000 cameras and 1.05 million sq m of carpets a year.

Construction Begins on Shaanxi-Shanxi Coal Line
*OW200048 Beijing XINHUA in English 0810 GMT
19 Apr 88*

[Text] Xian, April 19 (XINHUA) — The first phase construction of the railway line linking Shenmu, in northwest China's Shaanxi Province, and Shuoxian, in north China's Shanxi Province, totalling 270 kilometers broke earlier this month.

The rail line will lead to a coal field with a verified reserve of 140 billion tons.

The project is listed as a major one on China's Seventh Five Year Plan (1986-90).

The first phase involves a 32-kilometer section between Shenmu and Dayita. It will be finished next year.

About 40-50 million tons of coal will be shipped out from the coalfield annually when the whole project is completed in 1992, said a project official.

Another railway line linking Shenmu and Baotou, capital of the Inner Mongolia Autonomous Region, started construction in 1986 and is expected to open to traffic by the end of this year.

Xinjiang Leaders Plant Trees in Urumqi
*HK210133 Urumqi Xinjiang Regional Service
in Mandarin 2210 GMT 20 Apr 88*

[Text] Song Hanliang, Tomur Dawamat, Amudun Niyaz, Zhang Sixue, Tang Guangcai, Guo Gang, and other leading comrades of the Xinjiang Autonomous Region planted trees. Some 3,000 cadres, workers, and PLA commanders and fighters joined the leaders in this effort at the Urumqi (Sanyongying) Reservoir Park on the morning of 20 April.

Xinjiang UFO Identified as Plasma Fireball
*OW202334 Beijing XINHUA in English 0548 GMT
20 Apr 88*

[Text] Beijing, April 20 (XINHUA)—The unidentified flying object (UFO) spotted in Xinjiang last month was a "plasma fireball spinning at high speed in the atmosphere", according to scientists at the Institute of Atmospheric Physics of the Chinese Academy of Sciences.

It was reported that at 21:35 on March 18, as the No 2606 Airliner from Beijing to Urumqi was approaching the Qijiaojing area in Hami in the Xinjiang Uygur Autonomous Region, passengers saw a flying object out of the windows.

The object, about the size of a basketball, was "beaming like a searchlight" and flying alongside the plane. Then the object changed direction and split into two—a smaller ball above and a bean-shaped below. Passengers said they saw a green ring of light around the object.

Scientists now believe that what the passengers saw was an ionized ball of gas which, according to hydrokinetic theory, resulted from the electric discharge of lightning and seismic rock, as well as the violent oscillation of electromagnetism in the air.

"The existence of plasmas in the ionized stratum of the atmosphere is common," said Zou Yousuo, one of the researchers at the institute.

In the Xinjiang case, he explained, the gas formed by electrons, ions, and unionized neutral particles was a high-frequency discharge plasma appearing in the form of a fireball.

The green ring of light was probably the result of electric discharge of a high-frequency magnetic field.

Clemency Order To Free 6,000 Prisoners

HK211047 Hong Kong AFP in English 1035 GMT
21 Apr 88

[Text] Taipei, April 21 (AFP)—Taiwan will free more than 6,000 prisoners, including 1,000 gang members, Friday under a clemency order to mark the 100th day after the death of president Chiang Ching-kuo, Justice Minister Shih Chi-yang said Thursday.

The clemency order actually covers 22,039 people, Mr Shih said, of whom 6,054 were eligible for immediate release.

Under its terms, death sentences have been commuted to life imprisonment, life sentences reduced to 10 or 15 years and lesser prison terms cut by one-half or one-third, he said.

Among those to be released will be 19 people convicted on sedition charges, he said, but added that any prisoner convicted of joining the Chinese Communist Party, of armed robbery or of the illegal possession of weapons was not eligible for release under the clemency.

Fourteen prisoners convicted of such charges will remain in jail.

Also eligible for the first time are those imprisoned on corruption charges, Mr Shih added.

Some 1,000 gang members to be released from re-training centers include several reputed gang leaders. They were among 3,000 people rounded up by police in late 1985 in an island-wide sweep against organized crime.

More than 17,000 prisoners were freed in 1975 following the death of president Chiang Kai-shek, president Chiang Ching-kuo's father.

Government To Stand Firm in Farm Talks With U.S.

OW210351 Taipei CNA in English 0310 GMT
21 Apr 88

[Text] Taipei, April 21 (CNA) — The Republic of China [ROC] will not yield on agricultural products in upcoming trade talks with the United States, Vice Economics Minister Wang Chien-shien stressed Wednesday.

Wang, head of the ROC delegation, urged the Americans not to invoke Section 301 of the Trade Act of 1974 in an attempt to force concessions from the ROC, because he said, this will only harm the U.S. image.

In reply to an interpellation by Legislator Lu Hsueh-yi at the Legislative Yuan's Economic Affairs Committee, Wang said, fruit and turkey meat will not be on the agenda of the trade consultations to be held April 26-29

in Taipei. The American side, however, is still expected to urge the extension of the ROC-U.S. Rice Export Agreement, and the liberalization of such imports as peanuts and chicken meat.

The ROC, Wang said, has expressed its unhappiness with the rice agreement through various channels to Washington and will insist on not extending the agreement.

French Firm Chosen Over U.S. for Transit System

OW210401 Taipei CNA in English 0330 GMT
21 Apr 88

[Text] Taipei, April 21 (CNA) — The Taipei Mass Rapid Transit Administration has announced the selection of Matra Co of France to supply the cars, traffic lighting system, telecommunications and design for the 12-km medium-capacity line running between the Taipei City Zoo in Mucha and the domestic Sungshan Airport.

The decision came as a surprise because everyone thought that the contract would go to Westinghouse of the U.S. in order to help cut the ROC [Republic of China] trade surplus with the States.

Six companies from the U.S., U.K., France and Japan put in qualification bids for the project and the selection committee, made up of 15 independent members, gave the Matra Val System the highest score in the areas of technology, engineering efficiency and cost effectiveness.

The committee will now begin price negotiations with Matra without asking for open bids. The contract is expected to be finalized and signed in June. Construction should begin in September and the line should be operational by the end of 1991. Cost of the project is estimated to run as high as NT [New Taiwan] dollar 10 billion (U.S. dollar 348.43 million).

Draft of New Trade Law Ready for Discussion

OW201117 Taipei CNA in English 1030 GMT
20 Apr 88

[Text] Taipei, April 20 (CNA)—The Board of Foreign Trade [BOFT] has drafted a bill that would govern the nation's foreign trade, BOFT Director-General Vincent Siew said Wednesday.

Speaking before the Legislative Yuan's Economic Affairs Committee, Siew said that the bill aims at improving the management of the nation's foreign trade and establishing basic rules for foreign trade deals.

In drafting the bill, Siew said, BOFT invited local academics and industry executives to submit their views and opinions. The bill will soon be submitted to the Legislative Yuan for deliberation and approval.

Highlights of the bill include:

—simplifying such export and import procedures as canceling the export-import permit system for items that can be freely traded;

—promoting fair trade by forbidding the infringement of legally registered trade marks, patents and copyrights, as well as false labeling and the breaking of export or import contracts;

—improving the management of export quotas by restricting export quantities to countries that impose import quota systems;

—establishing external trade promotional institutions and assisting large trading companies to develop global trade networks;

—establishing a special agency to handle trade talks with foreign countries; and

—establishing a permanent committee to investigate foreign unfair trade practices, including the dumping of foreign goods in the local market.

Cabinet Approves Fund To Aid Developing Nations
*HK211005 Hong Kong AFP in English 0926 GMT
21 Apr 88*

[Text] Taipei, April 21 (AFP)—Taiwan's cabinet Thursday approved the creation of a 30 billion Taiwan dollar (1.05 billion U.S.) fund to aid developing nations and finance investment projects abroad, a cabinet official said.

The fund, proposed by the economics ministry, aims to enhance Taiwan's international economic status while assuming the responsibility of a world trading power, the official said.

Using the fund, Taiwan is to provide loans, guarantees, technical assistance and investment to help developing or friendly nations improve economic conditions and boost trade relations with the island.

Local entrepreneurs have been encouraged to utilize the fund to invest overseas or expand markets for Taiwan-made products, the official added.

Government Notes Security Stand Similar to DPP
*OW210049 Taipei International Service in English
0200 GMT 20 Apr 88*

[Station commentary: "The Opposition Drops the Independence Clause"]

[Text] The major opposition political party, the Democratic Progressives [DPP], held its second party congress Saturday and Sunday in the southern port city of Kaohsiung. Though technically still illegal, the DPP has been allowed to function like a genuine, legal political party ahead of the passing of a new law that would legalize such new parties.

The big news from this party congress centered on the DPP's internal debate on the clause in the party platform that would favor the advocacy of Taiwan independence. For months radicals in the party asserted that they would try to include the clause in the DPP platform, sparking not only debate within the party itself but in society in general as well.

The issue of independence is sensitive because it bears directly on Taiwan's security vis-a-vis Communist China. It is also illegal and considered seditious or treasonous for anyone to actively pursue the independence line in Taiwan. After much heated debate between the fire-brand radicals and the party's more moderate faction, a vote was taken to drop any mention of the advocacy of Taiwan independence in the party platform. But party leaders said the DPP supports a person's right to advocate it, stressing the word, quote, right, unquote, though the party itself will not support it.

DPP Chairman Yao Chia-wen said there are two potential conditions that may make the party change its stand on the independence issue: first, if the current government tries to sell out Taiwan to the Chinese Communists; second, if the government does not implement genuine constitutional democracy. In a statement at the conclusion of the congress the DPP reiterated its position that Taiwan must maintain its position independent of Communist China and never become subservient to Peking.

As a matter of fact, if these are the DPP's conditions for supporting an independence line for Taiwan, then the party will never need to bother. That the government may someday sell out the Chinese on Taiwan to strike a bargain with the Chinese Communists is sheer nonsense. As it is, the current government leadership is far more anti-communist than the opposition. The sell-out terminology is nothing more than sloganeering on the opposition's part.

As for implementing constitutional democracy on Taiwan, hardly anyone doubts that the government has made good progress on this. That the DPP even exists shows a large measure that democracy is not only alive and well on Taiwan but is getting stronger. Thus the independence issue is really, quote, dead in the water, unquote.

Not much separates the majority party position from the opposition's, and it would appear both recognize the serious security problems that independence would entail. Peking has said it would blow Taiwan out of the water if it tried to go the independence route. That warning provides sufficient reason for people on Taiwan to have an, quote, all in the same boat, unquote, mentality on critical political issues such as independence. Thus the DPP did not just wise up when it dropped the independence clause. It faced reality and acted in a democratic spirit along popular lines.

KMT Official Warns of Mainland Peace Gestures
OW210341 Taipei CNA in English 0257 GMT
21 Apr 88

[Text] Taipei, April 21 (CNA) — The Chinese Communists have not renounced their military threat against Taiwan although they at times repeat such united front ploys as "one country, two systems" and "peaceful reunification," a ranking Kuomintang [KMT] official warned Wednesday.

While the Peiping regime is still hostile to Taiwan, its united front propaganda has created illusions of peace among some Taiwan residents and people abroad, Hsiao Chang-lo, director of the KMT Department of Mainland Operations, said at a regular meeting of the KMT Central Standing Committee.

Hsiao said even though Peiping is eager to offer "peace gestures" to the government of the Republic of China, the Peiping regime has still not relaxed its tight control on its own people. As a result, people on the mainland continue to suffer from Chinese Communist repressive policies.

British Columbia Opens Trade Office in Taipei
OW210421 Taipei CNA in English 0413 GMT
21 Apr 88

[Text] Taipei, April 21 (CNA) — The General Chamber of Commerce of Canada's British Columbia [B.C.] Province opens a trade office Thursday in Taipei to encourage bilateral trade with the Republic of China [ROC] and other Pacific Rim countries.

Pat Risdon, managing director of the B.C. chamber, said the 21st century belongs to the countries in the Pacific Basin, adding that his province already has a long history of trade with the Republic of China and other Asian nations. Forty-five percent of the paper pulp used in the ROC comes from B.C.

Colin Smith, B.C. chamber president, said B.C. welcomes investors from Taiwan who wish to bring in capital and technology. Their Canadian partners will provide plant facilities and equipment. He noted that after the U.S.-Canadian free trade agreement is completed, products from Canada will be able to enter the U.S. market tax free.

The director of the new Taipei office is John Hardymen and the deputy director is Michael Craddock.

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